The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Half-Century Sino-American Educational Development Menaced by Japanese Domination

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STANDARD OF JERSEY WOULD PURCHASE ENTIRE SOVIET OIL SUPPLY

EDGAR S. Furniss, writer of an article dealing with the complications of Japan and the Soviet Union, which appeared in the January issue of *Current History*, stated that the Standard Oil Company of New Jersey is negotiating with the Soviet Union for the purchase of Russia's entire oil supply. Mr. Furniss said the negotiations, originally started in 1932, had come to naught, but had been renewed two months ago with better prospects of success. In 1932 the Soviet demanded that Standard purchase 5,000,000 tons a year, which apparently was more than the American interests were prepared to guarantee. In the present negotiations Standard has offered to purchase 4,500,000 tons annually which is said to exceed present Russian sales; also it was reported that the price offered was considerably higher than current prices received by the Soviet oil trust in world markets. In the event Standard of New Jersey (affiliate of Socony-Vacuum which operates in the Far East) should obtain a monopoly of the sale of Soviet oil, it proposed to share its purchases with two other chief international dealers, Royal Dutch-Shell and Anglo-Iranian Oil Companies. Nothing was said about sales in the Far East where Soviet oil has been an important factor for several years.

According to Mr. Furniss, Soviet oil exports have been declining from the peak achieved in 1932 when exports exceeded 6,000,000 tons. This total fell to 4,890,000 in 1933 and 4,310,000 in 1934 while exports in 1935 dropped to 3,500,000 tons, the decline being caused, in part at least, by Russia's increasing domestic need for oil and also in part by the fact that exports are arranged on a political basis with the countries concerned. It was claimed that the present negotiations between Standard and the Soviet oil trust predated the Italian-Abyssinian issue and question of sanctions and that Standard's chief idea was to stabilize world prices. The outcome of the negotiations referred to by Mr. Furniss has not been announced but should Standard of Jersey succeed it would not only have an important bearing on the oil sanctions issue in connection with the Italian war but also would have an important effect on the China oil trade.

Half-Century Sino-American Educational Development Menaced by Japanese Domination

IMMEDIATELY following his return to Peiping on Feb. 9, following several days conference with the Japanese military authorities in Tientsin, Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, announced he was considering a plan for the creation of a special education committee to deal with Chinese education in North China.

While there had been no further statement on the subject at the time these paragraphs were written there was a strong belief in educational circles in the North that Gen. Sung's announcement constituted the real beginning of a Japanese-inspired campaign to curb not only the patriotic movements centering in the northern universities, but a much more far-reaching Japanese plan for breaking up the important Chinese-American educational structure in North China. A *Reuter* message dealing with Gen. Sung's statement said that the Chinese Government universities in North China were the only official organizations in the North which had not been "taken over" by the Hopei-Chahar Council and that it was an open secret that the authorities in the North entertained little love for the educational leaders who recently had expressed such strong disapproval of the political activities of said northern leaders and their Japanese "advisers." Hence there was strong belief that the proposed establishment of a special educational committee was designed to check the patriotic movement in the universities—because, if the Council had merely desired to control the secondary schools, that could be accomplished through the Bureau of Social Welfare of the Peiping Municipality.

While Gen. Sung's declaration only affected the official or governmental educational institutions in the North there was a realization that the large private institutions, controlled largely by American educational interests, could not long escape official interference. As a matter of fact there already had been considerable police interference due to allegations of "communistic" activities, followed by police raids and incarceration of students in jail for considerable periods.

Of the 19 higher educational institutions in North China having a total student enrollment of 13,500, six may be classed as "American" in that most of the capital investment came from the United States. These institutions, with the capital investment expressed in U. S. Currency, are as follows:

Third Brigade of 125 students of the five propaganda corps numbering some 700 students from Peiping and Tientsin, trekking cross-country in their rural propaganda work, which was interrupted by police and plainclothes men from Peiping who forced them to return after two weeks.

Peiping Union Medical College	$8,000,000
Tsinghua University (Boxer Fund)	5,000,000
Yenching University	3,000,000
Catholic University	750,000
School of Chinese Studies	500,000
China Foundation Library (Boxer Fund)	750,000
Total U. S. Currency	$18,000,000

To this investment should be added capital expended in the construction and maintenance of numerous schools of lower grade ranging from primary to middle schools scattered throughout North China and one other institution of higher learning, Shantung Christian College, located in Tsinan, capital of Shantung Province, which is likely to be affected by Japanese political domination of this region. Then there is the investment in hospitals, operated under mission auspices, in various parts of the northern provinces, the total of which is not known. This would bring the grand total of American capital investment in educational, cultural and other non-profit enterprises, including hospitals, to at least $25,000,000, which is considerably more than the investment in commercial concerns.

Aside from these institutions, Americans may also, with considerable justice, claim an interest,

paternalistic at least, in most of the other purely Chinese institutions of learning in North China because many of them were founded by American educators or American-trained Chinese educators. Pei-Yang University at Tientsin, for example, was organized by the late Dr. Charles D. Tenney, an American educator in the employ of the Chinese ministry of education who later served for many years as Chinese Secretary at the American Legation in Peiping. For many years there were several Americans on the faculty of Pei-Yang, one of whom, Dr. Charles James Fox, is now publisher of the *North China Star* at Tientsin. American educators may justly claim the honor of introducing modern education into China because it was due to their initiative in establishing institutions of higher learning that the Chinese authorities later were inspired to establish similar institutions and in their development showed their appreciation by employing large numbers of American teachers. The Chinese also showed their appreciation of the work of American educators, many of them Christian missionaries, and their admiration and confidence in the American educational system by modeling their schools on the American precedent and by adopting and translating large numbers of American text-books into the Chinese language, many of which are still in use. Some of these texts used in Chinese primary schools in North China are now being abolished as a result of Japanese pressure, and in their places are being substituted texts written by Japanese army officers preaching "Pan-Asianism" and other doctorines designed to inspire hatred of Occidental institutions on the part of Chinese students. The so-called East Hopei Anti-Communist Autonomist "government" operated by Yin Ju-keng with Japanese military backing within the Demiliitarized Zone of northern Hopei Province, recently adopted a primary school text book that was written by Japanese military officers at Mukden and published by the so-called Sino-Japanese Cultural Association of Hsinkiang, Manchukuo.

The following is a complete list of institutions of higher education in Peiping alone which are now being subjected to interference by Japanese political control:

STRENGTH OF PEIPING COLLEGES AND UNIVERSITIES

Reprinted from an article on Peiping Educational Institutions, by Haldore E. Hanson which appeared in The Review on Nov. 16).

		Instructors		*Students*	
National Schools:		1934	1935	1934	1935
1.	Peking University	150	159	991	1011
2.	Peiping University	669	617	1201	1388
3.	Nat'l Normal University	129	120	835	700
4.	Tsing Hua University	193	215	1102	1261
5.	Chiao T'ung University	34	31	162	172
6.	Army Veterinary College (Shou Yi).....	25	25	200	200
7.	Nat'l College of Fine Arts	40	57	110	220
Municipal Schools:					
8.	Peiping College of Physicial Education	20	25	60	83
Private Schools:					
9.	Sino-French University	150	150	2000	2000
10.	Yenching University	116	113	800	884
11.	Catholic University	106	91	684	728

Students Marching into Ma-tou, with the peasants gathered, speculating upon the curious invasion of their bucolic landscape

12.	Min Kuo University	167	150	629	523
13.	Railway College (T'ieh Lu)	58	52	436	380
14.	North China University	82	86	645	704
15.	Northeastern University	133	97	759	657
16.	Ch'ao Yang University	93	92	1324	1215
17.	Peking Union Medical College	125	119	100	113
18.	Chung Kuo College	145	113	1060	992
19.	College of Commerce and Finance (Y.M.C.A.)	37	35	379	396
	Total	2472	2347	13477	13517

To this list should be added two further large universities in Tientsin, both under Chinese management, Pei-Yang and Nan-Kai Universities, and several other schools of higher grade elsewhere in North China, one of which, known as Oberlin-in-China, is located in Shansi Province where it has for several years received the financial support of Dr. H. H. Kung, Minister of Finance at Nanking. In Shantung, aside from Shantung Christian University, important Christian missionary institution at Tsinan, there is another important Chinese-controlled institution at Tsingtao.

There is no disputing the fact that this Chinese-American educational development, most important and significant educational enterprise in Eastern Asia, is being menaced by Japanese political control. An article by the *United Press* in the *North China* Star on Feb. 11 stated that the secret arrests of student leaders and attempts to convict them of communistic activities or sympathies, have been taking place in Peiping for more than a month. One of those arrested stated, upon being released, that there are usually about 20 students being held for investigation in the headquarters

prison of the Peiping Bureau of Public Safety. They usually are detained for a week to ten days and then released. While under detention they are subjected to a gruelling examination with constant interrogation in an attempt to compel the students to implicate their classmates in "red"

Four brigades of Students meet at Ku-an for a conference.

activities. Thus far none are known to have been tortured. The officials of the Student Union announced the names of five leaders now being held, two each from the Normal College and College of the Republic and one from the Peking National University. Arrests usually take place at night in the dormitories and are accompanied by searches of premises for incriminating documents. These arrests are being made by the Chinese police authorities, but usually upon information supplied by the Japanese military which maintains a network of spies throughout North China in accordance with its program for the elimination of "communism."

But these activities only constitute a minor phase of the Japanese program for restricting independent Chinese and American education in North China. American faculty members are convinced there shortly will be a demand for the employment of Japanese faculty members and "advisers," and this will lead inevitably to a demand on the part of the Japanese for control of curriculums in accordance with the Japanese program of "Pan-Asianism" and creation of racial and economic unity among China, Japan and Manchukuo. Whether the Japanese ultimately will force the closure of some or all institutions, similar to their action in theManchurian provinces following the occupation in 1931, is not known. In Manchuria the large National Northeastern University at Mukden, the University of Kirin at Kirin and several Chinese and Chinese-Russian institutions at Harbin and elsewhere along the Chinese Eastern Railway were closed arbitrarily and the students scattered to the far winds. The premises of the Northeastern University at Mukden were occupied by the Japanese army and used as barracks. The students of this school finally wandered to Peiping where they re-assembled and re-established several departments—and now they are again being compelled to move again—this time to Sian, capital of Shensi Province. A report from Peiping, however, on Feb. 15, stated that the departure of the students of the engineering college numbering some 100 was delayed after they had actually embarked on the train for the trip to Shensi.

It is no secret that the management of the leading schools in the North, particularly at Peiping and Tientsin, are preparing to remove to the interior. Dr. Chang Po-ling, president of Nan-Kai at Tientsin, has been traveling in the interior for several months investigating possible sites suitable for a new location for his school which has more than 2,500 students enrolled. Reports are constantly in circulation mentioning this or that university as planning to remove to the interior, the places most frequently mentioned being Chengtu, Chungking, Changsha, Sian and even Lanchow in Kansu. In the case of an important missionary institution it was reported that it was planning to transfer different departments to other schools in various parts of the country. But on the other hand it should be stated that there is strong opposition to what is described as a "policy of scuttle or retreat" and that strong argument is being advanced that the schools should not "run away" but remain and fight it out with the Japanese, not only on the China front but in Washington, Nanking and Tokyo. Certain American educators have declared their unalterable intention of remaining and fighting Japanese military influence "tooth and nail," calling attention to the fact that they have met similar challenges in the past and have usually won out. They declare that they met the challenge of Chinese nationalism and radicalism in 1926-1927 and succeeded in readjusting their relations with the Chinese in such manner as to be entirely satisfactory to all interests concerned. "But we certainly do not now intend to 'cut and trim' our educational programs in order to meet the whims of a bunch of ignorant Japanese military gangsters and buccaneers out on an adventure to control Asia."

Certain American educators in the North recently have suggested a combination of Chinese and American educational interests in a campaign to carry the doctrine of opposition to Japanese militarism directly home to the American people,

Teaching a "Small-teachers corps" of National Liberation Committee, organized among the primary school students, to sing a "volunteers" song from Manchuria. Later they are to teach this to the villagers.

hoping in this manner to inspire the authorities at Washington to adopt a stronger and more enlightened policy of protection than has been the case since the present administration came into office. Some of these men, long experienced in Asiatic politics, have remarked sarcastically that Secretary of State Hull's so-called policy of "good neighborliness" may be workable among gentleman farmers of the Blue Grass regions of the United States, but it doesn't have much effect on Japanese warlords produced in an environment that has never known any other element in human relations except military force.

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The Propaganda War and Afterward

(BY A CORRESPONDENT IN PEIPING)

THE principal concern of the Peiping authorities at the moment seems to be in quarantining the citizenry against the student epidemic, which shows evidence of being very contagious. General Sung Chih-yuan has to keep his erstwhile anti-Japanese warriors strictly confined to the barracks, it is said, lest they fall victims to the student propagandists lying fiendishly in wait for them on every street corner and teahouse. He is hard put to it to devise the logic whereby the 29th Army is made to see that the "big-swords" presented to them by the students in 1933 for their Hsifengkou battle against the Japanese army should now be used exclusively in beating-up those same student-donors, because they show a eugenic aversion to the mixed-blood relationship involved in the General's "Hopei-Chahar Political Council." The story is firmly believed among the populace that when General Sung made a speech to his troops at the Summer Palace Barracks explaining his new position in North China, he lost considerable "face" and was forced to retire precipitately when soldiers in the back began shouting "We Want to Fight the Japanese!" "Down with Japanese Imperialism!"

Meeting at Kung-tsun village, with the people, several soldiers present.

Immediately after the Chao-yangmen Incident, (clash between Chinese and Japanese troops) two student delegates hastened to take fruit and cakes and a very friendly letter to the scene of the altercation with the Japanese to console the soldiers, an act which was well-received by the recipients, it is said. Such "fraternization" between the belligerents goes on apace. During the propaganda tour to the country, members of the Students' Third Brigade were greatly cheered at the reception given them by Wan Fu-lin's 53rd Army. They reported that at Kaopeitien when the police and a gang of ruffians beat the students and forced them to return to Peiping, the soldiers were definitely hostile to the ousters and several accompanied the students to the railway station as a kind of body-guard, as well as seeing to it that the luggage arrived intact. When the students shouted the slogans to these Northeastern men: "Fight Back to Your Old Home," and "Remember your families in Manchukuo," the soldiers actually wept and registered real enthusiasm for the idea.

Police Versus Propagandizing

All students caught propagandizing in the parks, theaters, or public places generally have been arrested during the past four weeks, but the police frequently "listen in" prior to their capture, as they are forbidden to read any newspapers and are not averse to getting a little information. Some of them told the student-prisoners that they do not approve of the fact that all the higher police officers are now studying Japanese. The ten thousand Peiping police mobilized day and night as nursemaids for the students are continually complaining to their charges about chilblains, long-hours (they have to get up at four-thirty when demonstrations—false alarm or otherwise—are in the air) and general overwork, although they get $1.50 extra and a "big piece of red meat" on the days of the demonstrations when they have to spend twelve hours or so spanking the insurgents with their heavy big-swords.

Girl-student leader addressing primary school students and villagers.

But what is the Students' Union that is causing so much perturbation? It is a General Staff having command of the 13,517 university and 24,537 middle school students of China's "college city," a goodly army, and pledged almost to a man to active anti-Japanese resistance. Fifty-two colleges and middle schools are members of the Peiping Students' Union, represented by the duly elected Students' Self-Government Association officers of the schools, and 12 other schools belong, represented only by the chairmen of special National Salvation Committees. There are 19 universities and colleges and 77 middle schools in Peking, but all the important schools belong to the Union, the outsiders being minor small private schools. The Peiping-and-Tientsin Students' Union is composed of 28 Tientsin schools in addition,both members pledged to the program of the original Peking Union. This program outlined in the "Proclamation of the Formation of the Peiping Students' Union,"distributed to all schools on the 9th is as follows:

After stating that "The crisis in North China has reached its utmost critical point" and recounting the steps by which Japan has gained control, the manifesto announces: "Under such a serious condition, in order to struggle against the splitting of the territory of North China from the rest of the country, and to struggle against the selling-out of North China by our officials and to try to unite the people of North China, We, the students of Colleges, Middle Schools and Primary Schools, UNITED TOGETHER AND FORMED THIS STUDENTS' UNION." (There are no Primary school members yet, however).

The Principles of the Union which every member school must support are then given:

"1. We are against the Japanese-fostered Autonomy Movement, which is intended to split the territory of China;

"2. We are against the surrendering and yielding to secret diplomacy;

"3. We struggle for the absolute freedom of speech, press, assembly and organization in order ot start a movement to save the country;

"4. We are against domestic strife and favor mobilizing the sea, air and land forces of the whole of China to fight with Japanese Imperialism;

"5. We want to mobilize and arm the people of all China to protect North China and drive the enemy out of China;

"6. We want to form an organization of armed people to lead the Chinese national movement;

"7. We want to confiscate the goods of our enemy and the property of the traitors for the use of our Anti-Japanese campaign;

The students declare that more or less the same program is supported by the overwhelming majority of the students all over China, though in many places the school authorities and others tried at first to guide the movement to suit their local purposes. As soon as the spontaneous mass movement broke away from this

Halt at a village near Peiping

control, the authorities immediately began declaring martial law and drastically suppressing it.

"We want everyone to join in a united front against Japanese Imperialism," a student leader declared in an interview. "It is a historical disgrace that the students must spend their energies fighting the authorities for the mere freedom to hold patriotic meetings instead of entering into the struggle directly to fight against the enemy in this great crisis. If they refuse to cooperate with us, we can only struggle against the continuation of the present policy of compromise and defeatism. This policy is not unifying the nation; it is splitting it. We realize our government is too weak to fight Japan, but united opposition among the people would be successful; there lies our only strength. The student body of the whole nation offers its services in helping to awaken the people from their ignorance and defeatism. We are willing to sacrifice not only the money and time lost by giving up this last semester's credits, but to devote several years, even our whole lives, to the work of national liberation.

Students Volunteer to Face Hardships

"Over seven hundred students from Peiping and Tientsin volunteered to face every hardship and went out into the villages to warn the people about their coming fate under Japanese Imperialist exploitation. They were enthusiastically received everywhere. The people were hungry for information and anxious to organize for a struggle. This much should be made clear. The students today are not 'agitating' for somebody else. We are fighting for our own survival, for our own future. Where shall we in North China get jobs next year, except as clerks under the Japanese? We have no future except with the mass of our people; their fate is our fate. It is all right for old men to barter this generation for a few years of 'peace and order' before they die. But what about the youth whom they are putting on the auction block? We do not want disgraceful "peace" and submission. We want freedom, and we are willing to pay for it with our blood. Thousands of China's youth have been slain in this struggle and the memory of their sacrifice is deep in our hearts. The crisis has come when every Chinese must choose between joining in a national war of self-defense against Japanese Imperialism, or becoming cowardly beggars for crumbs under the Imperialists without any pride or hope for the future. The whole youth of China has chosen and stands solidly together, as the spontaneous student movement proves. Where are our allies and where our enemies? We shall know this very soon. Chinese history cannot stand still much longer, and the purpose of our student movement is to make everyone stand clearly before the judgment of the people in the position he has chosen to fulfill. At this moment, the northern militarists are signing a nice engraved invitation for the Japanese to enter North China on the basis of the Hirota program. But the signature of the students of China will not be found there."

These are the phrases on the lips of the thousands of students concentrated in the dormitories of Peiping and other educational centers. School papers, magazines and general propaganda sheets are being poured out in a flood. No such activity has been seen since the May Thirtieth (1925) period, and all the oldest inhabitants agree that this is the most serious political movement the students have yet engaged in. The most remarkable thing about it is the extraordinary discipline which the Union has imposed over its rank and file. There is none of the irresponsible rowdyism of previous demonstrations. Realizing that if they don't all hang together they will hang separately," the students take orders cheerfully in the state of emergency and seem to be genuinely sacrificing personal antagonisms to maintain student solidarity at any cost. Open fights have occurred between Leftist and Fascist students in some schools, such as at Chaoyang and Tsinghua Universities in Peiping, Nankai in Tientsin, Futan in Shanghai and Sun Yat-sen University in Canton, but the war at present is still mainly one of propaganda, each side trying to win the other. The delegates appointed by the faculty authorities were mostly Fascists and that is why they did not dare give out their names to the student bodies, as they have no mass support among the students at all. The Fascists tried to organize a Peiping-Paoting-Tientsin League in opposition to the Union, but they could only get about 1 to 20 members in the schools and had to give it up, they lost so much "face" by even trying. They get paid $30 a month and have connections with the police and the faculty authorities, so most of the students look on them as mercenary spies, and naturally do not admire their gangster tactics. If the Fascists had a patriotic program they might get support among the rich students at least, but they take only a negative position. They have tried for three years to win the support of the students with no luck. Their only success was to get the popular student leaders arrested and imprisoned as "Communists." We

Holding individual propaganda talks with the townspeople at Ma-tou. This was found to be the most effective method to win over the people.

want democratic freedom of expression and protection against illegal arrests. Our great struggle is for the right of assembly and organization and of free speech and press so that the people may have knowledge of true conditions and be roused to struggle in a patriotic movement."

Peiping, February 12, 1936.

Girl-students stop at a wayside in during the propaganda tour. The students ate coarse peasant fare with the villagers and slept on the stone floors of school buildings on their trip.

Did Senator Pittman's Declaration Head Off Another Hull-Hirota "Agreement?"

SPECIAL EDITORIAL CORRESPONDENCE FROM NANKING

AMONG the numerous attempts to fathom the forces motivating American policy was a suggestion advanced here that Senator Key Pittman's significant declaration in the United States Senate on Feb. 12 was intended to head off another so-called Hull-Hirota exchange of notes. Proof was presented in the form of translations from Japanese newspapers between the dates of January 26 and February 5 alleging that Koki Hirota, Minister of Foreign Affairs, was on the point of reaching an agreement with Secretary of State Cordell Hull whereby Japan and America would "divide" the Pacific into respective naval and economic spheres with consequent division of Oriental and South American markets. Specifically it was claimed that Hirota, closely advised regarding the intricacies of American domestic politics, was taking advantage of the situation to inveigle Secretary Hull into an agreement or exchange of notes which might have the effect of keeping oriental political issues out of the forthcoming American election.

Among the Japanese newspaper reports bearing on this issue were two from the *Nichi-Nichi Shimbun*, dated Jan. 26 and Feb. 1 alleging that when Ambassador Joseph Grew went home last summer he carried with him a confidential memorandum from the Japanese Foreign Minister addressed to Secretary of State Hull suggesting an exchange of notes wherein the two countries would mutually declare that there were no outstanding problems which were not capable of settlement through diplomatic negotiations and that both countries would, henceforth, take steps to curtail speeches and actions on the part of their respective citizens likely to cause provocation. The Japanese newspaper report alleged that when Ambassador Grew returned to Tokyo at the end of the year he had informed Hirota of his (or Hull's) agreement to such an expression of principles. The Japanese paper also pointed out that a certain passage in Hirota's speech at the opening of the Imperial Diet had aroused favorable comment in the American press, the particular paragraph being:-

> "Since Japan and America are geographically so situated that they possess each a special sphere of activity of its own, it is impossible that the two nations should ever be brought to a collision."

The writer in the *Nichi-Nichi* alleged that the Hirota suggestion of "dividing the Pacific" was similar to an expression of Secretary of the Navy Claude A. Swanson sometime ago and that this method of adjusting the complications of Japan and the United States "was gaining ground in American official and private circles." Concluding this particular discussion the Japanese writer then declared that measures were being taken preliminary to the drafting of a political agreement between Japan and the United States "on the basis of the Pacific-dividing principle," and all being done in accordance with the spirit of the Hull-Hirota messages "fused within" when the forthcoming U.S. Presidential elections are over and the political situation in the United States was again stabilized. Significantly the Japanese statement concluded with the following: "Importance attaches to the attitude being shown that in case the political agreement materializes between Japan and the United States, the two countries will then be ready to conclude a bilateral agreement regarding naval disarmament."

Preliminary to this discussion in the Japanese press pertaining to another Hull-Hirota pact, the *Nichi-Nichi* claimed that Hirota had been trying for a considerable period to conclude an economic agreement with Secretary Hull that would include: (1) a reciprocial trade agreement; (2) an agreement regarding Central and South American markets; (3) a Japan-America-Philippine agreement and (4) the dispatch of a Japanese trade mission to the United States. In explanation it was said that Japan was desirous of adjusting Japanese-American trade relations covering the exchange of Japanese raw silk for American cotton and eliminating the question of Japan's "self-restraint" of exports to the United States which had been a serious issue for sometime. Further it was charged that American influence was responsible for several Central and South American countries barring or limiting Japanese goods, hence Japan wanted to make an agreement "dividing" these markets between the two countries. As to the Philippines the Japanese expressed the fear that a scheduled trade conference between American and Filipino interests might result in the complete elimination of Japanese goods, hence the Japanese Foreign Minister wished to head this off as well as other troublesome issues by inducing the United States to enter into some sort of agreement that would grant recognition to Japan's "sphere" in the Orient and pave the way for the dispatch of a Japanese trade mission to the United States in the coming spring which would be able to conduct important negotiations with financial interests in New York.

But if another Hull-Hirota exchange of notes was on the point of enunciation, the declaration of Senator Pittman (see Page 386, issue Feb. 15) was an indication that an influential section of American public opinion was not favorable to such a method of glossing over issues of utmost seriousness which must be faced if America is to avoid a war in the Orient. Senator Pittman's declaration, recognized in Chinese as well as international circles as the most significant expression of any American on Far Eastern issues since the present Roosevelt administration came into office, created a deep impression because it frankly faced the challenge of Japanese militarism. He frankly characterized Japanese policy as a threat to the United States which made it necessary for America

to build a strong navy "until the time arrives when the peace treaties are universally respected and observed." Pointing to the recent statement of the Japanese Ambassador, Hiroshi Saito, that Japan's Asiatic policy was similar to America's Monroe Doctrine, he declared that the United States was seeking to "preserve Latin American republics, not destroy them . . . we have not arrogated to ourselves the right of conquest or domination." Declaring that Japan was completely dominated by her Army and Navy cliques he declared that Hirota's so-called "Three-Point Program" if enforced on China would amount to the "final surrender of China's sovereignty in complete violation of the Nine-Power Treaty." Then referring to recent statements of Admiral Takahashi of the Japanese Navy that the United States should confine its naval program to national defense or be prepared for the extension of the Pacific cruising range of the Japanese navy, Senator Pittman declared, "Never in the history of modern times has such an undiplomatic, arrogant and impertinent statement been volunteered by one holding such a position. . . .Of course Congress will not be bull-dozed into abandoning the national defense and protection of our legitimate trade or commerce with China." Senator Pittman then declared that Japan had closed the Open Door in Manchuria to the United States . . . "American bankers, importers and business men have been run out of Manchuria and replaced by Japanese. . . .our educators and missionaries will follow . . . but if the so-called law of necessity can be pleaded, it means that every conqueror may justify the violation of solemn promises such as the League Covenant, Kellogg-Briand Pact and Nine-Power Treaty . . . so why should Japan worry about breaking her promise to maintain the Open Door in China?" Senator Pittman also referred to recent statements of the Japanese Ambassador in Washington and also to a recent article by K. K. Kawakami, well known Japanese propagandist in the United States, as designed to "silence American citizens and possibly our government on the subject of Japan's policy toward China." He charged that Japanese propagandists were attempting to influence peace-loving Americans through deceptive articles and war threats in an effort to prevent proper congressional action and concluded with the declaration, "We have not forgotten the conquest of Korea . . . the conquest of Manchuria is still fresh in our minds and we have taken notice of Japan's acts in North China."

Will Japan Crack Up?

The following are extracts from an article on the above subject in "The New Republic" Jan. 1, by Guenther Stein, Tokyo correspondent of the London "Financial News," who is at present in China. It was the second article on the same subject, the first one having been written by T. A. Bisson in "The New Republic" of Dec. 25.

JAPAN today is girding her loins for the most dangerous test of strength that the Island Empire has been called upon to face in modern times. She is preparing herself in earnest for the achievement of undisputed political leadership in the East, on the continent of Asia as well as in the Pacific, and, if need be, for a major war to assert and firmly to establish the principle of her supremacy. While still in the throes of a belated though vehement industrial revolution, at the same time she is reaching out to develop and exploit economically her growing sphere of political influence.

Unfortunately for Japan, such development can take place only at tremendous cost and with the odds strongly against early material success. There is no doubt, of course, that in a general way the strength of the Japanese nation has been imposingly increased in recent years. Japan's army and navy (though not yet her air forces) have made great forward strides. During the four years following the "Manchurian Incident" and ending on March 31, 1936, Japan will have spent on her armaments as much as in the whole war and rearmament decade from 1913-14 to 1922-23, i.e., more than $1,050,000,000 (figures in this article are in U.S. Currency on the basis of one yen being equal to 30 U.S. Cents.) And this has meant at least two or three times as much in actual fighting value, for low domestic prices and wages benefit Japan's fighting forces just as much as they do her export trade. Behind that large, efficient and newly equipped fighting force numbering about 400,000 men in the army and navy, there are millions of reservists and half-trained recruits with a huge supply of up-to-date arms waiting ready for them.

Japan's industrial production—the second yard-stick of national strength—has shown surprising growth, in quantity as well as in quality, making her at last virtually independent of the technique of Western countries. From 1914 to 1934, industrial production increased more than six times, while the horse-power total of mechanical power in industry grew ninefold, and her railway network doubled. At the same time, the threefold increase in the quantity of her export trade, coupled as it was with a great extension of the variety of export goods, has enabled Japan to procure from abroad, especially for armament purposes, more and more of those raw materials which she totally lacks.

There is, however, one link of extreme weakness in that chain of powerful positions which Japan has succeeded in forging, and which her boundless ambitions are gradually putting to the supreme and apparently dangerous test. It is state finance. For all of this astonishing progress in other fields has been achieved at the cost of a tremendous financial strain. The solidity of Japanese state finance, which even in the past was never established beyond doubt, has been greatly endangered; the precariousness of Japan's financial position is becoming more obvious and more embarrasing as time goes son.

Armed to the teeth, possessing large and efficient industries of all kinds, providing a full tenth of the world's export trade in manufactured goods, retaining a great measure of her traditional fighting spirit and enjoying a more powerful position in the world than ever before—Japan may yet be suddenly defeated by her own financial weakness. It threatens to sap her military, industrial and spiritual strength no less than it promises to undermine the nation's standing abroad. For the increased strength of the army and navy is entirely borrowed. One might say that not a single cent of the $1,050,000,000 which Japan will have spent for armaments during the five-year period from 1931 to 1936 originated from normal state revenues. At the same time, her national debt will have grown by about $1,200,000,000, increasing by more than half in that

short period. If, from now on, the Japanese army and navy had to be content with the balance left from the total state revenue after the deduction of all "civilian" state expenditure, their annual emolument would be hardly one-fifth of what they now demand for 1936-37 and less than one-fourth of what they are actually spending in 1935-36. But as it is, armament expenditure is the first charge on the national budget.

Neither is the growth of Japan's industrial strength as it may appear. These same armaments, on the continuance of which large sections of Japanese industry are dependent for future employment, have been the main impulse of Japan's industrial growth. To this extent, Japan's industrial strides have been paid out of state borrowings, and further employment of these industries can be sustained only by the same means. This creates an additional incentive for the continuance of huge armament expenditure.

The second driving force behind the breathless development of Japanese industry—the amazing increase in exports—has been financed largely out of national losses. For, beneficial though it may have proved for many individual enterprises and even for small groups of industrial workers, the export boom as a whole must have entailed a heavy national sacrifice. The terms of exchange of Japanese raw silk against the American cotton, which makes up the bulk of the trade between the two countries, will make this point clear. During the period 1921-27, Japan sold one pound of raw silk against more than thirty pounds of raw cotton, whereas recently she has had to content herself with getting nearly nine pounds of raw cotton for one pound of her raw silk.

Just as in Soviet Russia, the peasants of Japan have been made to carry almost the full weight of the country's rapid industrialization. Population pressure in the villages, combined with deliberate economic policy, has obliged them to grow more and more rice and other foodstuffs with the result that, despite the sedulously propagated assertion to the contrary, Japan is virtually self-sufficient as regards food supply. As the traditional agricultural methods have hardly been improved except for the introduction of expensive artificial fertilizer, while more and more marginal land has had to be taken under the hand-drawn plow, and high rents, taxes and interest rates on their fast-growing farm debts have had to be carried by the peasants, the cost of agricultural production has been vastly increased.

Even in the industrial section of the population a depressed standard of living was the price that many had to pay for Japan's progress in other lines. In other sections of industry, money wages had made some headway since 1914, and real wages were always reinforced by the price sacrifices of the farmers, as well as the inexpensive style of traditional Japanese living. But since the "Manchurian Incident" and the abandonment of the gold standard at the end of 1931 i.e, since the beginning of the great armament, industrial and export expansion wages have been gradually falling, while the cost of living has been slowly but steadily rising, so that since then the workers' share of Japan's national sacrifice for her recent advance is an average decrease in real wages ranging from 20 to 25 percent.

As the unconditional obedience and unquestioning loyalty traditionally given by the Japanese people to their military masters is gradually diminishing under the impact of the industrial revolution, the maintenance of the national spirit becomes more and more dependent on the degree to which sound social progress can be achieved.

The strong position that Japan enjoys in the arena of foreign politics is, again, to a large extent based on her borrowed military, economic and spiritual strength. Japanese prestige in China, i.e., Chinese fear of Japan, is bound to decrease with every new symptom of further weakening in the Japanese financial structure. China's only hope at present seems to lie in a possible collapse of Japan's political power from financial causes. And there are other countries, too, that may feel that only such an event might restore the old balance of power in the East.

The armament race started by Japan in the Far East has developed into a financial race. In this contest China could be beaten as easily perhaps as in any other test of strength. But Russia seems, on the other hand, to be deriving more strength than weakness from this breathless exercise. And as Japan is apparently insisting on racing against the naval powers too, in the arena of finance at least, if not perhaps in that of armed strength, she has to stand up against the combined power of two or three huge empires. Actually she is "fighting the whole world," as her military people like to put it in their propaganda pamphlets.

Most of the non-military leaders of Japan, therefore, seem to be quite aware that in the long run Japan's army and navy, her industry and trade, and even her patriotism as well as her prestige abroad, will really be only as strong as the power of financial endurance behind them. This is why they are so much concerned about the growing financial crisis. And it is why Finance Minister Takahashi recently said: "There is no sense in having excellent equipment for defense if the country is too poor to support an actual war."

Today the crucial question regarding the future of the Far East and of the Pacific is: Can Japan pay the bill?

Presbyterian Mission in Tsinan Pushes Work Among Peasants

Reports from Tsinan, Shantung province, indicate that the American Presbyterian Mission is making a strong impress on the Chinese in that neighborhood, working under the guidance of the Rev. C. E. and Mrs. Scott, who are the parents of Betty Stam, who with her husband, was murdered over a year ago by Communists in Anhui. A recent circular letter from the Mission described the success of Bible Class meetings held at the farmhouse of a leader of the Tung Clan. The infant daughter (Helen Priscilla) of the late Mr. and Mrs. Stam is being brought up by her grandparents and, judging from recent photographs, is a lively and healthy child.

China to Get Seat on League of Nations Council?

China's demand for a special seat on the Council of the League of Nations may be given approval by the Council Composition Committee early in March, it was indicated in Geneva Feb. 18. More than twenty member states, in reply to a circular of the Secretariat, expressed favorable opinions on China's request. As a result of this general approval of the Chinese aspirations, it was stated, the Secretariat is considering the call of a meeting of the Composition Committee early in March next instead of April 27 as originally scheduled.

Hitch Occurs in Removal of Schools from Peiping to Sian

A hitch has occurred in the removal of the School of Engineering of the Northeastern University from Peiping to Sian. The teachers and students of the school, numbering about 100, were to have departed on the evening of Feb. 18, but when their train was about to leave the Chien Men West Station, Wang Tso-shan, acting Chancellor of the University, received an urgent telegram from Marshal Chang Hsueh-liang, ordering him to postpone the removal of the school. The students of the Schools of Art and Law (situated in the former capital) who clashed with the engineering students Feb. 10 in an attempt to prevent them from going to Sian, tried to stop the transportation of ths furniture of the engineering school to the station the previoue day but without avail, as the school premises were strongly guarded by police and troops.

Border Disputes Increase Soviet-Japanese Tension; Ohta and Litvinoff Discuss Situation

UNDOUBTEDLY relations between Japan and Russia are more strained at the present time than they have been at any time since the Russo-Japanese War, but there are no immediate prospects of a war breaking out in the near future between these two countries. The latest source to give expression to this point of view is the semi-official *Japan Times*. This Tokyo organ after pointing out that there is genuine, fundamental clash of major interests between Japan and the Soviets on the Asiatic mainland and mentioning that the vital factor is the presence of two great armed forces somewhat equal in strength, confronting each other across a largely invisible and ill-defined fronter, stressed the main point in the situation, namely that the psychology of junior Japanese and Russian officers is very different from that of statesmen in Tokyo and Moscow. This semi-official Japanese organ commented that General Blucher, Commander-in-Chief of the Soviet's Far Eastern Army and General Minami, commander-in-chief of the Kwantung Army and Japanese Ambassador to Manchukuo, undergo no greater test than their ability to hold these officers in leash.

Non-Aggression Pact Undetermined

Possibilities of reaching an amicable settlement of problems outstanding between Soviet Russia and Japan were discussed Feb. 16 in the course of two long and important conversations held in Moscow between the Japanese Ambassador to Moscow, Mr. Ohta, and USSR's Foreign Commissar, Maxim Litvinoff.

Soviet Has Huge Army on Border, Japanese Intelligence Officers Reports

Major Seizo Arisue, of the Tokyo War Office's Military intelligence bureau, told the Cabinet Feb. 18 that the Soviet Army on the Russo-Manchurian border totals 200,000 strong, equipped with 900 airplanes, 900 tanks and more than 500 armored cars. Since 1932, Moscow has allegedly built "several thousand forts, called "tochkas," on the Soviet-Manchukuo border at a total cost of Yen 1,600,000,000. These forts, are armed with machine-guns and have strong garrisons. The "tochkas" can be utilized not only for defensive purposes, but also as bases of offensive operations. The improvements made in the Trans-Siberian Railway, Major Arisue said, enable the Soviet Government to transport several times as many soldiers to the Far East as could be moved during the Russo-Japanese war of 1904-05. Moreover, he added, Moscow could at a moment's notice mobilize its 3.000 planes in European Russia to strengthen its air force in the East.

It had also been established, Major Arisue asserted, that during the clash with Japanese and "Manchukuo" troops at Chinchangkow on the following day, the mutineers were commanded by Soviet soldiers.

Japan-Manchukuo Detachment Crosses Frontier, Soviets Charge

Ulan Bator (*Tass*) reported Feb. 14 that on Feb. 12, at 7 a.m. a Japano-Manchurian mixed detachment consisting of 500 men in 20 trucks and one motor-car, armed with heavy and light machine-guns and three guns, crossed the Mongolian frontier, being accompanied by two tanks and two airplanes and attacked the Mongolian frontier post Bulundersun situated 7 kilometers from the frontier. The border guards rendered energetic resistance to the invaders but in view of the five-fold numerical superiority of the invaders and the flanking movement of the Japano-Manchurian troops, the Mongolian frontier guardsmen were compelled to retreat, leaving one light and one machine-gun on the spot, which were taken away by the Japano-Manchurian detachment. The Japano-Manchurians, pursuing the retreating frontier guard, penetrated farther into the territory of the Mongolian Peoples Republic, 10 to 12 kilometers from the frontier. However, with the help of reinforcements which were called up, the frontier guardsmen drove the invaders back to Manchuria. The losses of the Mongolian guardsmen resulting from the raid were one killed and seven wounded. The losses suffered by the Japano-Manchurian raiders, the *Tass* message stated, was not less than 10 killed and up to 20 wounded.

The war fever raging in Manchukuo was intensified end of last week by a report from Hailar that another encounter between Outer Mongolians and a mixed force of Japanese and Manchukuo troops had occurred on the morning of Feb. 13.

The message (as relayed from Hsinking by *Dormei*) stated that approximately 1,000 Outer Mongolian troops, heavily armed and supported by four armored cars, appeared in the vicinity of Khalkhinssu, at the northern end of Lake Buyer Nor, and attacked the Japanese-Manchukuo force stationed there.

Japanese Version of Incident

An official communique issued by the Kwantung Army stated that a mixed squad of Japanese and Manchukuo troops belonging to the Sugimoto detachment, sent to inspect and adjust the frontier in the neighborhood of Lake Buyer Nor on the Mongolian frontier, encountered 200 Outer Mongols holding Olohodoka post, south of the Lake. Two light field guns were brought into action by the Mongols, while both sides engaged in a furious exchange of machine-gun fire. Eventually, the Mongols were driven off by the Japanese-Manchukuoans who reoccupied Olathotka. During the fighting, which lasted eight hours, two Outer Mongolian bombers are alleged to have made their appearance and to have dropped several missiles, without, however, causing any damage. One of the field guns, a machine-gun and eight tents were left behind by the Mongols, who are believed to have suffered considerable losses despite the fact that only eight slain soldiers were found when Olathotka was retaken. Eight Mongolians, a Japanese lieutenant, two N.C.O.'s, and five Japanese privates were killed in the fighting while a Japanese captain, three Japanese privates and seven Manchukuo privates were wounded.

Japanese Planes Get "Stand By" Orders

Japanese military planes of the Tsitsihar air detachmenat were given "stand-by" orders Feb. 13, with the receipt of a report that two Outer Mongolian bombers had participated in a clash with Japanese and Manchukuo troops at Olahotka, the previous day. The Tsitsihar officials said that the planes were ready to fly across the snow-capped Hingan Mountains, towards the border of Outer Mongolia at a moment's notice.

Manchukuo Protests Landing of Soviet Plane

The second protest within a week was made orally by Shih Li-pen, Special Commissioner for Foreign Affairs of Manchukuo, in a 1½-hour interview in Harbin Feb. 18 with Michael Slavutsky, Soviet Consul-General. The protest concerned the landing of a Soviet military aeroplane loaded with machine guns destined for Manchurian bandits near Jaocho, Sankiang Province, on January 12. It is reported that the protest was "scornfully rejected" by the Soviet representative who merely promised to transmit it to his Government. Meanwhile the Soviet Government officially informed the Manchukuo authorities that all Soviet consulates in Manchuria would be withdrawn, excepting the one in Harbin, and that Manchukuo would have the choice of one consulate only in either Chita or Blagovestchensk, where there are consulates at present, or at Habarovsk.

Slavutsky-Ohashi Conference Is a Failure

M. Slavutsky, the Soviet Consul-General in Harbin, flatly denied the charge made by C. Ohashi, the Manchukuo Vice-Minister for Foreign Affairs, that Soviet influence was behind the mutiny of Manchukuo troops on the eastern frontier, north of Suifenho, on January 30. Mr. Ohashi demanded the immediate return of the mutineers, who entered Soviet territory after the mutiny and were interned. He also asked for payment of an indemnity. He then proposed the early establishment of a frontier commission for the settlement of border disputes. M. Slavutsky promised to transmit the request to Moscow.

Declaring that "my conversation with M. Slavutsky was a complete failure," Mr. Ohashi, returned to Changchun, Feb. 12 from Harbin. "The conversation," Mr. Ohashi said, "gave me the impression that Soviet Russia intends to tread upon international faith." The Vice-Minister said indignantly that M. Slavutsky "laughed off" the note, declaring that it was "a pure fabrication." "I believe," Mr. Ohashi concluded, "that Soviet Russia is interested most in promoting confusion in this country."

The spokesman remarked that the Soviet-Manchukuo frontier disputes, "which seem to be on the increase," center on the question which of the two countries was responsible for the invasion of the other's territory.

He pointed out that the Peking treaty of 1924 and the Mukden Agreement of the same year both presupposed vague frontiers, which must be demarcated by a joint commission.

Questioned by the press regarding the issue of a Soviet-Japanese non-aggression pact, the spokesman said that there has been no change in Nippon's policy.

(*Continued on page 433*)

Japan to Double Strength of North China Garrison; Hsu Advises Farsightedness in Sino-Japanese Relations

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Tokyo War Office Seeks Diet Approval for Doubling Strength of North China Garrison.**
2. **Akira Ariyoshi Says Nanking's Attitude Towards Japan Is Friendly.**
3. **Hsu Shih-ying Advises Farsightedness in Sino-Japanese Relations.**
4. **Doihara Denies Pu Yi of "Manchukuo" Is Returning to Peiping in March.**
5. **Imai Says All Committees of Hopei-Chahar Council Will Have Japanese Advisers.**
6. **Tsou Lu, Southwest Leader, Exposes Japanese Intrigues in South China.**
7. **Japanese Paper Scores Gen. Feng's Alleged Advice to Gen. Chiang.**
8. **Dr. C. T. Wang Flies to Canton to Confer With Southern Leaders.**
9. **Hu Han-min Postpones Trip to North on Account of "Cold."**
10. **Routed Kweichow Communists Blocked From Entering Yunnan.**

Diet approval of a Bill for an expenditure of Y.3,000,000 to double the present strength of the Japanese forces in North China will be sought by the Tokyo War Office at the April extraordinary session of Parliament, *Domei* learnt Feb. 12. At present, Japanese army contingents south of the Great Wall consist of 10 infantry companies and detachments under a divisional headquarters in Tientsin and comprise 1,900 men and officers. The sum will not be drawn from the Treasury in the form of a new appropriation, but will be set aside from the War Office funds provided for "Manchurian Affair expenditures." Decision to strengthen the Japanese garrison in North China was reached by the War Office and the Army General Office following a series of conferences based on reports from high officers who recently visited Tientsin and Peiping.

ARIYOSHI SAYS NANKING'S ATTITUDE TOWARDS JAPAN IS FRIENDLY

Akira Ariyoshi, the retiring Japanese Ambassador to China, reported to K. Hirota, Foreign Minister, on his conversations with the Nanking Government leaders and on the situation in China shortly after his arrival at Tokyo from Shanghai Feb. 12. Although the nature of the conversation was kept secret, *Domei* learned from high Gaimusho circles that the two officials and Mamoru Shigemitsu, Foreign Vice-Minister, conferred on the policy to be pursued by Japan in the forthcoming negotiations in Nanking. It was decided by the three conferees to make the question of co-operation between China, Japan and Manchukuo in North China the first item on the agenda of the Nanking pourparlers.

China is willing to be friends with Japan provided such friendship does not entail the loss of her territorial integrity or interfere with her national unity. This was the description of Nanking's attitude towards Japan made by Mr. Ariyoshi February 12. "This is particularly true in the case of North China," the former envoy said. Nanking officials, Mr. Ariyoshi continued, have accepted the aims of the three principles for a Sino-Japanese readjustment of relations expounded by Mr. Hirota. "But they are unwilling to have that taken to signify that China has recognized Manchukuo," he remarked. "Japan's policy towards China," Mr. Ariyoshi went on, "should naturally be one seeking the realization of these principles. But first, we should have a unified opinion in Japan. "It is essential that, regardless of what China does, we should maintain a consistent attitude of which we should not feel ashamed," he said. The retiring envoy was conservative in his expectations of the proposed Nanking Conference for the readjustment of Sino-Japanese relations. "We need time to place Sino-Japanese diplomatic relations on a normal basis. We cannot expect too much at once," he asserted.

Decision to pursue "a unified China policy, based on solid national policy, based on solid national opinion," was reached at a three-hour conference of executive officials of the Foreign Ministry with Mr. Ariyoshi and Hachiro Arita, his successor, on Feb. 14, according to a *Domei* message. The War Office and the Ministry of the Navy are understood to be in full accord with the attitude of the Foreign Office. Prior to the conference, Mr. Ariyoshi conferred with Major-Gen. Rensuke Isogai, Military Attache to the Japanese Embassy in China, and Rear-Admiral Seiichi Iwamura, Chief of Staff of the Japanese Third Fleet, is stationed in China waters. These two officers have been most outspoken on the necessity of a unified attitude towards China by the Japanese ministries of War, Navy and Foreign Affairs. In presenting a comprehensive report on the situation in China, Mr. Ariyoshi told the conference that he was aware of the "undoubtedly sincere efforts of Gen. Chiang Kai-shek to readjust Sino-Japanese relations." Continuing, he declared that in view of the Nanking Government's avowed wish to begin negotiations with Japan "in a sincere spirit," it was "absolutely necessary to formulate a common national policy." The conferees agreed that the three-point program of Mr. Koki Hirota, Foreign Minister, must underlie all negotiations for a rapprochement between the two countries. A suggestion that Mr. Arita should inaugurate conversations with Gen. Chiang for the settlement of outstanding Sino-Japanese issues, as soon as he completes the presentation of his credentials, was adopted at the conference.

The "vital need" for a common policy towards China on the part of the Foreign, War and Navy Offices was emphasized by Rear-Admiral Seiichi Iwamura, chief of staff of the Third Fleet in China waters, in his report to high officials of the Navy Ministry, *Demei* reported Feb. 14.

Rear-Admiral Iwamura arrived at Tokyo from China Feb. 14 on a hurried summons from the Navy Office. Immediately on arrival he made detailed reports on the situation in China to Fleet-Admiral Prince Hiroyasu Fushimi, Chief of the Naval General Staff, and high officials of the Ministry. In the afternoon, Rear-Admiral Iwamura made another report to high naval officials including suggestions reportedly advanced of the Third Fleet. The suggestion, *Domei* learned, included the emphasis on thn need for a unified China policy, because of the allegedly unfavorable consequences of independent negotiations between the Chinese authorities and various Japanese organs in China. Such independent negotiations, Rear-Admiral Iwamura has reportedly stressed, are detrimental to the development of friendly relations between the two countries, resulting in an "unnecessary caution" in China. Following the meeting, Rear-Admiral Iwamura proceeded to the Gaimusho, where he expressed similar views to Koki Hirota, Foreign Minister.

HSU SHIH-YING ADVISES FARSIGHTEDNESS IN SINO-JAPANESE RELATIONS

In view of his impending departure for Japan to take up his duties, Hsu Shih-ying, the new Ambassador, gave out the following statement to the press in Nanking Feb. 16:

"After the European War (1914-1918), the various States were convinced that peace was the best safeguard for the welfare of mankind. But by increasing their armaments as a means of preserving peace, they have placed peace in jeopardy.

"The year 1936, so ominously regarded by the world, has arrived. Whether a second world catastrophe can be avoided or not, will depend on the continued efforts of the nations to preserve peace.

"China and Japan are brother nations. Like the lips and the teeth, the one must depend on the other. Their adversities and happiness are inseparable.

"As the world already knows, Japan is a stong Power. However, the sovereign rights of our country must be respected.

"It is my fervent hope that both countries will, in accordance with the spirit of equality, and on the basis of

good faith and justice as well as the time-honored virtues of the Orient, take a broader and more farsighted view of things, and make a concerted effort for the readjustment of the relations between the two countries, so as to restore the situation to normal, stabilize the Far Eastern situation, assist in maintaining the peace of the world, and promote the welfare of mankind.

"All my life I have observed the virtues of loyalty, faithfulness, sincerity and reverence. As Ambassador to Japan, I shall carry out my mission to the best of my ability, in order not to disappoint the Government and the people."

C. K. Ting, Chinese charge d'affaires in Tokyo, was host at lunch to Mr. Ariyoshi and to Mr. Arita Feb. 15. Other guests included Mr. Shigemitsu, Mr. Kuwashima and Mr. Amau. Mr. Ting is scheduled to leave Tokyo for Nanking soon after the arrival, next month, of Hsu Shih-ying, newly-appointed Chinese Ambassador to Japan.

Several changes in foreign diplomatic service of China were announced on Feb. 15 by the Ministry of Foreign Affairs. Ting Shao-chi, (C. K. Ting) Counsellor and Charge d'Affaires of the Chinese Embassy at Tokyo, will be re-called to the Waichiaopu for home service, and Wang Fan-sheng, Counsellor of the Angora Legation, who is now on furlough, was appointed to succeed Mr. Ting at Tokyo. The post left vacant by Mr. Wang at Angora will be filled by Hsiao Chi-yung, Counsellor of the Paris Embassy, while Mr. Hsiao will be succeeded by Kuo Che-fan.

Major-General Rensuke Isogai, military attache to the Japanese Embassy in China, left Tokyo for Shanghai on February 20 to return to his post, according to *Domei*.

Readjustment of China's outstanding debts to Japanese investors totalling nearly Y.500,000,000 will be sought by Katsuji Uchida, Director of the East Asia Industrial Compan, Ltd., on a visit to Shanghai and Nanking early next month, *Domei* learned Feb. 18. Mr. Uchida visited China last year, reaching an agreement with the Finance Ministry for the settlement of loans to the Ministry of Communications, including the Peiping-Suiyuan and the Nanchang-Kiukiang Railways loans. Mr. Uchida is acting as a representative for an investors' syndicate.

Domei reports that anti-Nipponese textbooks were recently discovered at the Chung Hwa Public School in Yokohama. Authorities of the Kanagawa Prefectural Foreign Affairs Bureau said they found geography books at the Chinese school containing passages offensive to Japan. The Bureau is now considering steps to be taken against the administration of the institution. The Tokyo Metropolitan Police Board is still examining Chen Yao, principal of the local Chinese school, which was found to be using text-books considered offensive to Japan. Fifteen text-books, embracing the fields of history, science, sociology and literature, all of which were said to contain "radical anti-Japanese utterances," were seized by the police for examination.

DOIHARA DENIES REPORT PU YI IS RETURNING TO PEIPING IN MARCH

Major-General Doihara, head of the Japanese Military Mission in Manchuria, utterly rejected any idea of a Japanese Monroe Doctrine when interviewed by foreign correspondents at Peiping on February 17, according to *Reuters*. "My ideas," he declared, "are not based on anti-foreignism, I do not insist on Asia for the Asiatics. My ideas do not mean a political or racial movement for self-determination." In reply to a number of questions, General Doihara declared that he saw no necessity for the present Hopei Council to separate from the Central Government and become completely independent. He scoffed at the idea that "Emperor Kang Teh of Manchukuo" might come to Peiping. When it was pointed out that he had reported that Pu Yi might come in March, General Doihara said, amid laughter, "It is absolutely not true. You may be at rest." He said he knew unofficially that the Japanese garrison in North China would be increased soon, but it would not be a big increase. Their purpose was the protection, not the occupation, of North China. "There seems to be a suspicion," he added, "that we Japanese intend to invade North China and occupy it, but this is based on wrong ideas." On the subject of communism, General Doihara said that if the movement developed seriously in this province, the Japanese would consider it their responsibility to assist the Hopei Council to suppress it, if the Council were not strong enough to do so.

Alleged dissension between Major-General Kenji Doihara and Lieutenant-General H. Tada, commander of Japanese forces in North China, over measures for solution of the East Hopei problem is delaying Sino-Japanese negotiations in Peiping and Tientsin, according to Chinese reports from North China published in the *Shanghai Evening Post* Feb. 18. The two Japanese military leaders are said to have filed reports with General Minami, commander of the Kwantung Forces, for instructions. Meanwhile, the Chinese authorities are reported to have decided to consult with Lieutenant-General Tada only on the East Hopei issues and to confine their negotiations with Major-General Doihara to subjects relating to the East Chahar situation.

The Hopei-Chahar Political Council is reported to have formally proposed to the Japanese authorities the immediate abolition of the "autonomous government" in East Hopei established by Yin Ju-keng. The Chinese reports indicated that Lieutenant-General Tada is inclined to accept the proposal with conditions more acceptable to Chinese authorities than those advanced by Major-General Doihara. The formal negotiations, however, have had to be delayed until instructions are obtained from General Minami. Major-General Doihara, accompanied by a staff officer of the Tientsin Japanese Army, visited Tungchow Feb. 17 *Domei* for conferences with Yin Ju-keng.

IMAI SAYS ALL COMMITTEES OF HOPEI-CHAHAR COUNCIL WILL HAVE JAPANESE ADVISERS

Major Imai, the Japanese Military Attache in Peiping, told interviewers Feb. 14 that Japanese advisers would be appointed to all committees of the Hopei and Chahar Political Council. He said that the status of the Maritime Customs in North China would not be changed, and that the new arrangements being made dealt only with the disposal of revenues.

Unofficial Japanese sources state on Feb. 13 that the Hopei-Chahar Political Council has offered adviserships to two Changchun officials. One of them is Mr. Yada, chief of the Asiatic Section of the "Manchukuo" Foreign Office, who is "tipped" as adviser to the Foreign Affairs Committee of the Council, and Mr. Aoki, of the same Ministry who has been offered the post of adviser to the Council's Department of Finance.

TEN JAPANESE ARE "ADVISING" EAST HOPEI MAGISTRATES

Reports that numerous Japanese advisers were being appointed to the East Hopei "Autonomous Council" were denied by the Japanese military spokesman in Tientsin Feb. 14. He declared that only financial and diplomatic advisers had been appointed to the Hopei-Chahar Political Council. Advisers had not yet been appointed to the East Hopei Council, but 10 Japanese were advising the magistrates of local administrations in the "new state." Amalgamation of the Hopei-Chahar and the East Hopei councils was, he continued, impossible, "the East Hopei regime being independent, and the Peiping Council still connected with Nanking." The spokesman stated that the revenues of Hopei amounted to $40,000,000, of which 60 per cent was retained and the remainder remitted to Nanking, "which did not conform with Japanese ideas of financial independence." The Peiping Council had received $12,000,000, and, of that total, $9,000,000 had been sent to Shanghai for the service of foreign loans. A separate monetary system for North China was not being considered at present, but it was "probable should Nanking inflate the currency or a monetary panic develop."

The Japanese Kwantung Army has established a special military mission at Tungchow with Major Kuwata as director, reported the *Central News* Feb. 12. Major Kuwata, who is a former subordinate of Col. Takeshita at Shanhaikwan, is reported to have already arrived in Tungchow.

General Fu Tso-yi, Chairman of Suiyuan, has "an excellent understanding of Japan's attitude towards China as well as of the general situation in this country." This declaration was made by Major Takeo Imai on his arrival

from Suiyuan Feb. 12, where he accompanied Colonel Torashiro Kawabe, Kwantung Army staff officer.

"During our conversation, General Fu has given me to understand," Major Imai said, "that he intended to co-operate with Japan in the prevention of Communism and the economic reconstruction of North China." The newly-formed Mongolian Political Council in Suiyuan, according to Major Imai, is dominated by General Yen Hsi-shan, Pacification Commissioner of Shansi, "although it is still uncertain whether he will also become its titular head or not."

NEGOTIATIONS FOR SETTLEMENT OF HOPEI AND CHAHAR ISSUES SOON TO BE OPENED

Concrete Chinese proposals to be presented at the forthcoming Sino-Japanese negotiations regarding Hopei and Chahar problems were discussed at a meeting of high Chinese officials convened by General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, at noon on Feb. 15. One hour before the conference, Gen. Hsiao Chen-ying, Mayor of Tientsin and concurrently chairman of the Economic Affairs Committee of the Council, summoned a meeting of the Committee members. Measures for the readjustment of finances in the two provinces were reported to have been discussed. Results of both meetings, however, have not been divulged.

Chen Chung-fu, Chairman of the Foreign Affairs Commission of the Hopei and Chahar Political Council, returned to Peiping Feb. 17 from Tientsin where he had a meeting with Major-General Tada, Japanese Commanding Officer in North China, and Colonel Nagami, Japanese Military Attache, concerning various North China issues. Mr. Chen will shortly resume his negotiations with Major-General Doihara it an endeavor to thrash out the Hopei and Chahar problems.

Abolition of the Gendarmerie Headquarters for the Peiping-Tientsin Area and the Peace Preservation Headquarters for the Tientsin-Tangku Area was decided upon at a meeting of the Executive Yuan Feb. 12 in compliance with the request of the Military Affairs Commission. A separate Peace Preservation Headquarters for Tientsin will be established. Major.-General Liu Chia-luan, until recently Acting Commander of the Peace Preservation Headquarters for the Tientsin-Tangku Area, was appointed Commander. General Sung Cheh-yuan was formerly the Gendarmerie Commander for the Peiping-Tientsin Area.

Current reports that the seat of the Chahar Provincial Government will be removed to Hsuanhwa, south of Kalgan, owing to the fact that important developments have recently occurred at the provincial capital were categorically denied by General Chang Chih-chung, Chairman of Chahar, in a press interview at Peiping Feb. 13. General Chang declared that perfect peace prevails in Chahar and that the reports were entirely without foundation.

TSOU LU EXPOSES JAPANESE INTRIGUE IN SOUTH CHINA

The Japanese are sponsoring a separatist movement in Fukien, declared Tsou Lou, leader of the South-west Political Council and Chancellor of Sun Yat-sen University, in a statement made at Canton Feb. 17, according to *United Press*. Japanese influences are notably increasing, Mr. Tsou declared, adding that Japan is trying to over-run the whole of China before the United States completes its naval program and challenges Japan.

General Iwane Matsui, former commander-in-chief of the Formosan Garrison and member of the Supreme War Council, left Keelung, Formosa, Feb. 16 for Hongkong on the s.s. Canton Maru. The officer, who late last year made a comprehensive tour of North China, is scheduled to spend a month visiting Hongkong, Canton, Nanning, Foochow and Shanghai, before departing for Japan.

ANTI-JAPANESE RIOT FLARES UP IN SIGNAPORE

Three persons were seriously injured when an anti-Japanese riot broke out in the streets of Singapore in the night of Feb. 13, according to a *Reuter* message. Armed with iron bars and staves, and carrying anti-Japanese banners, Chinese demonstrators formed a procession and marched on the Japanese quarter. Two policemen, armed only with batons, were badly battered when they attempted to intervene, and had to be sent to hospital for treatment. The demonstrators, however, were dispersed with the arrival of reinforcements and many arrests were made.

Rear-Admiral Shiro Takasu, director of the Third Bureau of the Japanese Naval General Staff, arrived at Nanking Feb. 18 from Shanghai for a series of calls on high Chinese official, accompanied by Rear-Admiral Osami Sato, naval attache to the Japanese Embassy. The two officers were received in the afternoon by Gen. Chiang Kai-shek, President of the Executive Yuan. They also paid courtesy calls on Admiral Chen Hsiao-kwan, Minister of the Navy; Gen. Ho Yin-ching, Minister of War, and Gen. Chang Chun, Foreign Minister.

JAPANESE PAPER SCORES FENG'S ALLEGED ADVICE TO GENERAL CHIANG

In an editorial headed "Remove the Obstacle" on Feb. 16, the *Shanghai Nippo* vigorously criticized the twelve points for the solution of the North China crisis said to have been submitted by Gen. Feng Yu-hsiang to Gen. Chiang Kai-shek. The daily took particular exception to the item where Gen. Chiang was reportedly urged to "take measures to prevent Japan's economic invasion of North China."

"We are unable to grasp Gen. Feng's reasons," the journal said." It seems to us as if there is Chinese leader who does not know existing conditions in China," it continued citing the large excess of imports over exports that has plagued this country's international trade.

"Many are now in favor of the utilization of foreign capital. We find it difficult to understand why Gen. Feng should want Nanking to reject the proffered Japanese aid in the development of North China," the *Nippo* added.

"We regret that the vice-chairman of the Military Affairs Commission, who is in a position of responsibility, should hold such mistaken views at a time when Gen. Chiang has announced his intention not to spare any effort to normalize the relations between Japan and China, and is actively pushing plans to convene a conference in Nanking for that purpose," the *Nippo* concluded.

IMPOSTER OF GEN. MA CHUNG-YING ARRESTED IN TIENTSIN

Major-General Doihara, head of the Japanese Military Mission in Manchuria, was responsible for exposing the hoax of one Wang Tien-yu, self-styled representative of General Ma Chung-ying, the well-known Mohammedan Commander in Sinkiang, according to a story appearing the *Shih Chieh Jih Pao* at Peiping Feb. 12. Among the many letters which Wang wrote to local leaders on behalf of General Ma was one addressed to General Doihara, asking for a loan of $500. Believing that the letter came from General Ma himself, General Doihara sent two Japanese gendarmes in plain clothes to the Hwa An Hotel where "General Ma" was alleged to be staying, to see him and invite him to dinner. Fearing that his game would be discovered, Wang asked the Japanese callers to wait, saying that General Ma would shortly appear to receive them. Immediately afterwards Wang slipped out of the hotel and fled to Tientsin. A search of Wang's room by Japanese soldiers and Chinese Police discovered papers and letters on which General Ma's signatures were forged. Wang Tien-yu had been arrested in Tientsin and the arrest was confirmed by Gen. Hsiao Cheng-ying, Mayor of Tientsin. The imposter who was taken into custody in the French Concession, according to the Tientsin Mayor, will be extradited to the Bureau of Public Safety.

MONGOLIAN LEADER TAKES UP POST AS ANTI-RED COMMANDER IN SUIYUAN

Relations between the Chinese authorities and the Mongols in Suiyuan entered upon a new phase with the formal induction into office of Prince Kang as Commander-in-Chief of the seven Mongol Banners and concurrently Commander of Mongol anti-Red forces in Suiyuan on Feb. 17. Amid an atmosphere of solemnity, the ceremony was held at the Suiyuan Hotel and attended by over 500 Suiyuan Provincial Government officials and Mongol leaders, including several Banner chieftains. The oath of office was administered by Gen. Fu Tso-yi, Governor of Suiyuan, in the presence of Prince Sha, recently appointed Chairman of the Local Autonomy Political Council for the various Mongolian

leagues and banners in Suiyuan. In his opening address, Gen. Fu expressed the fervent hope that Prince Kang pay especial attention to the task of maintaining peace and order, and strengthening frontier defense. In his capacity as Chairman of the Suiyuan Mongol Council, Prince Sha admonished Prince Kang to be obedient to orders from his superiors and devote his entire energy in checking the penetration of Communist influence into the Inner Mongolian territory. Responding, Prince Kang assured those present that he would strive his best in maintaining the territorial integrity of Suiyuan and working for the welfare of the people as a whole.

It is learned that an important conference will be convened in March by the Mongolian Political Council at Pailingmiao to discuss questions concerning the present situation in Mongolia. Prince Teh, secretary-general of the Council, has already arrived at Pailingmiao to make the necessary preparations for the meeting. Meanwhile, the new Mongolian Council for Suiyuan is expected to be inaugurated sometime in April next.

Pai Yun-ti, influential statesman of Inner Mongolia and member of the C.E.C., has been appointed Adviser to the Hopei-Chahar Political Council, according to a *Central News* report Feb. 13. A native of Kalasin, Inner Mongolia, Mr. Pai is a revolutionary leader of long standing, having been elected a member of the Central Executive Committee of the National Government and member of the Inner Mongolian Local Autonomy Council at Pailingmiao.

C. T. WANG FLIES TO CANTON TO CONFER WITH SOUTHWEST LEADERS

Reported to have been entrusted with a mission of conferring with Hu Han-min, veteran Kuomintang statesman of the Southwest, Dr. C. T. Wang, formerly Minister of Foreign Affairs, left Shanghai for Canton by a China National Aviation Corporation seaplane Feb. 18. Chinese political circles attach considerable significance in the departure of Dr. Wang for Canton. Although circles close to Dr. Wang declared that he was going to Canton chiefly for affairs concerning the Rotary Club and may confer with Southwest leaders incidentally, it is stated in political quarters that the ex-Foreign Minister is expected to explain to Hu and his associates Nanking's foreign policies, particularly towards Japan. Dr. Wang is said to have been asked to make the trip to Canton by Gen. Chiang Kai-shek, President of the Executive Yuan, following receipt of a letter from Mr. Hu delivered in Nanking by Mr. Wei Tao-min.

HU HAN-MIN ADVISED BY DOCTORS TO "AVOID" COLD IN NORTH

The rumor that Hu Han-min, Chairman of the Standing Commitee of the Central Executive Committee, has sent a representative to Nanking to negotiate, is absolutely groundless, accordiny to an official statement issued in Canton Feb. 15. It is stated that Mr. Hu has still to recuperate his health and that his physicians have advised him "to shun the servere cold in the North for the time being." There is, therefore, no possibility of his proceeding to Nanking in the near future.

Mr. Hu on Feb. 16 visited the tombs of the 72 revolutionary martyrs in Canton, as well as those of Teng Cheh-yu and Lin Chi-mien, the Kuomintang leaders who died last year. He was accompanied by a number of high officials, and paid a touching tribute to the repolutary martyrs.

Bringing back with him an autographed letter from Hu Han-min to General Chiang Kai-shek, President of the Executivee Yuan, Wei Tao-min, former Minister of Justice, returned to Shanghai from Hongkong Feb. 16 in company with Li Hsiao-sheng, member of the Southwest Political Council.. Interviewed by local pressmen Mr. Wei declared that Mr. Hu has decided to come northward when warmer weather has set in. Continuing, Mr. Wei stated that he has been asked by Mr. Hu to convey his autographed letter to General Chiang promising to proceed to Nanking early this spring. Current reports that Mr. Hu will proceed to Kwangsi for a visit were denied by Li Hsiao-sheng when interviewed by local press men. After describing the condition of Mr. Hu, Mr. Li stated that the former has cancelled his contemplated trip on account of his health. The Southwest Political Council member further stated that the purpose of his coming to Shanghai was to attend to his private business and he is not planning to go to Nanking as he has already refused to take up the post as Vice-Minister of Personnel.

WANG CHUNG-HUI DUE IN HONGKONG FROM ABROAD MARCH 10

Dr. Wang Chung-hui, who recently resigned as Chinese judge of the Permanent Court of International Justice at The Hague, informed the Southwest Political Council by cable that he was sailing for China Feb. 16. He added that he expected to arrive in Hongkong on March 10, and that he would come to Canton to confer with Hu Han-min concerning foreign policy, after which he would leave for Nanking.

KWEICHOW COMMUNISTS BLOCKED FROM ENTERING YUNNAN

Tsungyi, a strategic town about 125 kilometers north of Kweiyang, has become the focus of Red objectives in northern Kweichow since the failure of their attempt to capture Kweiyang. Finding their way to Yunnan now effectively blocked by the combined Yunnan and Kweichow forces, the marauders under Hsiao Keh and Ho Lung are now beating their way back to Tsungyi from western Kweichow and attempting to establish a stronghold there.

According to a *Reuter* report from Yunnan, the main body of Reds under the command of the notorious Communist leader, Ho Lung, is now on the Kweichow-Yunnan border. Chaotung, an important Yunnan town lying 15 miles from the frontier, which has been menaced by the Reds for the past week, is still in the hands of Yunnan troops, four brigades being stationed there. A column of Reds is threatening Tating, in west Kweichow, 75 miles from the Yunnan border, which is also still being held by Central Government troops, two divisions being in occupation of the town. The object of the Reds appears to be to establish themselves in the area where the frontiers of Yunnan, Kweichow and Szechuan meet.

Military reports reaching Kweiyang state that provincial troops have recaptured Takuhsinchang, a town about 100 kilometers northwest of Kweiyang, which fell into the hands of the Reds on Feb. 10.

Kweiyang, capital city of Kweichow, is now out of danger of being captured by the Reds under Hsiao Ke and Ho Lung as a result of continuous victories secored by anti-Communist troops during the past two days, according to a *Central News* message Feb. 12. Gradually pushing the marauders westward from central Kweichow and after two days of severe fighting provincial troops have recovered Chiensi, a city about 55 miles northwest of Kweiyang. Before Chiensi fell, the Reds put up stubborn resistance at Chingtungtsai, on the southern bank of Wei River, which they evacuated on the night of Feb. 9. During the encounters in the last two days, several hundred Reds have been captured in scattered skirmishes and over 100 rifles seized. The remnant bandits are learned to be fleeing in the direction of Fichieh, on the border of Kweichow and Yunnan. Recent victories of Government troops was partly attributed to the co-operation of Hunan provincial forces. The Red remnants in Kweichow have now dwindled to some 10,000 men, according to Gen. Ku Chu-tung, Director of the Generalissimo's Headquarters at Chungking.

SZECHUAN REDS SUFFER HEAVY CASUALTIES AT HANDS OF GOVERNMENT TROOPS

Heavy casualties were inflicted by Government troops, assisted by air bombing squadrons, on the Communist bandits under Chu Teh and Hsu Hsiang-chien, near Tienchuan, in western Szechuan, during a series of sanguinary engagements in the early part of this week. The bulk of Hsu Hsiang-chien's hordes were badly defeated by troops under the command of Lieu-Gen. Sun Chen on February 10 and 11, during which more than 200 Reds were captured and fifteen machine-guns and 300 rifles were seized, according to *Central News*.

Chinese Public Joins Senator Pittman in His "Japanophobia" & "Anti-Japanese Delusions"

BY C. Y. W. MENG (孟長泳)

LIKE Secretary Stimson's famous "Non-Recognition Doctrine" and many other open American denunciations of Japan, such as calling her an "international pirate," etc. Senator Pittman launched an attack on Japanese aggression in China when he insisted upon the maintenance of the Open Door in China "even at the risk of war with Japan"; and when he advocated "a strong U.S. naval and air force until the time arrives when the peace treaties are universally respected and obeyed."

Mr. Pittman's speech was generally very favorably received everywhere except in Japan. In London political quarters, it is regarded as "useful but perhaps a somewhat platonic warning to Japan." On the whole, British observers point out that the Senator's statement expresses feelings now fairly widespread in England, where Tokyo's policy has lost champions during the course of the past few years. It is noteworthy that even in conservative circles where the largest number of Nippon's supporters used to be found, the feeling at present is either that of opposition, discouragement or embarrassment. This particularly applies to those of the right-wingers whose slogan is: "The only country worthy of new British commitments is the U.S.!"

Nanking Officials Silent

However, strange to relate, Nanking official circles made no quick response to Pittman's attack on Japanese militarism aside from saying that "It is Japan who should respond to Mr. Pittman's attack. There is no need for China to say anything." The real reason is that any expression of opinion by the Chinese would arouse the ire of the Japanese who would undoubtedly retaliate either by presenting another series of "demands", or landing a few companies of Japanese marines. In other words, it is fear of Japanese "threats" that has tied up Nanking's voice, so there is no way for us to know the Chinese official response to Pittman's speech, aside from knowing that it was received "enthusiastically in Chinese official quarters." Let us now turn our attention to what the Chinese masses think of the Senator's attack on militarised Japan.

Pittman's Denunciation Endorsed

In an editorial, *Sin Wen Pao*, one of the leading papers in Shanghai, expressed its sympathy with Pittman's attack, adding that in recent years, the Chinese have been at odds militarily, politically and economically. "So when we hear such a straightforward speech, we accord our full sympathy." Continuing, the paper says, "Since September 18, 1931, China has been hoping that the friendly powers would assume greater responsibilities arising from the Nine Power Treaty and Kellogg Anti-War Pact, and take more effective steps to preserve peace in the Far East and the world. But due to the illusions of the Conservatives in England who believe in the possibility of an equal division of interests in China between England and Japan, and in the revival of the Anglo-Japanese Alliance, the British did what they could to protect the aggressor in Geneva, thus nullifying all efforts of Secretary Stimson and making the Non-Recognition Doctrine only a scrap of paper. Only when the situation in North China became critical, when the naval conference was wrecked, and when Japan went on with her vigorous naval construction, did Great Britain realize that not only her interests in China had been jeopardized, but also her position in the Far East endangered, and has now the intention to cooperate with America. The Japanese have worried much about this tremendous change in the Far Eastern situation and have done what they could to prevent its materialization. The paper then mentions several instances to show the co-operation between America and Great Britain. The paper concludes by stating, "It is not too late for the signatories to discharge their obligations under the Nine-Power Treaty, so Senator Pittman should endeavor to uphold the sanctity of the Nine Power Treaty by taking definite steps, so that his speech will not be in vain!"

The Future of American-Japanese Relations

In another editorial *Chung Kuo Jeh Pao*, a leading paper in Nanking, first points out that the constant "tension" existing between America and Japan is due to the fact that many problems, created by the Far Eastern situation, can not be adjusted, and at the same time, the creation of an unique situation during recent years has placed America and Japan in conflict, and it is more difficult now to relax the tension. Continuing, the paper says, "the Japanese withdrawal from the naval conference has not only strengthened the American position in the Pacific, but is also the underlying force which has caused the Americans to adopt a firmer attitude towards Japan. The continuous progress of the so-called Japanese continental policy in China has at last exhausted American patience. Though there are some American 'isolationists' who would like to adopt a 'wait-and-see' policy hoping to fish profits in Russo-Japanese troubled waters, as they did during the World War, and to postpone the adoption of a firmer policy towards Japan, yet there are more Americans who wish to adopt a firmer policy towards Japan, even to employ the last means to block the progress of Japanese aggression in the Far East." According to this paper, Senator Pittman's speech indicates that the Americans who advocate a strong policy towards Japan are again active in America today.

Continuing, the paper points out that though Secretary Hull has denied any responsibility for Pittman's speech, "inasmuch as this speech is representative of the majority of American public opinion, its influence and favorable reaction should not be neglected." The paper concludes by pointing out that should Japanese aggression in the Far East continue, "there is indeed a possibility that this party (meaning Pittman's group) might cause a change in American foreign policy." Therefore, the paper advises that "China should decide what steps she should take if some new development in American-Japanese relations takes place!"

The Cause of American-Japanese Conflict

In another editorial, *Sin Min Pao*, another leading and outspoken paper in Nanking, attributes the cause of American-Japanese conflict to the "struggle for markets in China." If there is no way to settle the struggle for markets, there is also no way to stabilize the situation in the Far East. So the signing of the Nine-Power Treaty and the Kellogg Anti-War Pact, according to the paper, was to guarantee the Open Door of equal opportunity to all in China, though in name it is for the preservation of Chinese administrative and territorial integrity. So the reason for the Americans opposing Japanese aggression in China is to protect American trade in Far East, to block the Japanese from "robbing" others of their trade with China, and to prevent Japan from carrying out her Asiatic Monroe Doctrine.

Continuing, the paper says that Great Britain was first to occupy the leading position in foreign trade with China but was soon replaced by Japan. But the Mighty Dollar soon took the place of the Island Empire. Now, due to the closing of Manchuria to all trade other than that of the Japanese, Japan is again leading. "When the Americans are doing what they can to recapture their trade, they are of course opposed to Japanese aggression in China."

Will America and Japan Fight?

Will America and Japan fight? asks the paper. It answers that it all depends on whether there will be any change in Japanese foreign policy, and whether China is willing to surrender and to be dominated by Japan, or will rise up to defend herself. Should China take the latter alternative, the paper points out that "surely, the Americans will be glad to help us. But should China adopt a policy of procrastination, it might result in America and England jointly demanding from Japan a re-division of markets in the Far East. If this fails, it means war." So Mr. Hirota's policy, continues the paper, is on one hand to explain to the world Japan's special position in the Far East, and on the other, to divide or "play off" America, Great Britain and Russia from taking joint action to oppose Japan. So according to the paper, here is the cause for the reported Anglo-Japanese trade agreement, Russo-Japanese alliance, etc. But at the same time, Japan goes on with her aggression in North China in preparation for the world war to come. So the paper points out that Pittman's warning "will cause a change in the policy of American and European nations." But the destiny of Eastern Asia according to the paper, is that either the Open Door Doctrine in China will be replaced by a re-division of China's markets, or another world conflict will occur.

America's Greater Endeavor Demanded

In another editorial, *Shun Pao*, another leading paper in Shanghai, opines that Pittman's speech indicates that war between America and Japan is inevitable. However, the paper declares that in order to preserve peace in the world, the first thing is to distinguish which one is the aggressor and which one is the victim; which one should be opposed, and which one should be helped. When this is decided, co-operation among the powers to exterminate the strong and to help the weak will take place. The Americans certainly know well which one is the aggressor in the Far East, and which is the victim. They know equally well that America is not in a position to face the situation alone, but co-operation with England is not yet realized, and co-operation with Russia is too remote. The Americans still stand aloof from the League's 'collective peace policy.' So though American politicians have expressed themselves as opposed to Japanese militarism, it might be difficult for them to minimize the serious-

(*Continued on page 434*)

Russia Watches East as Well as West

BY WALTER DURANTY

(*in "Asia" Magazine*)

FOR the past hundred and fifty years, or even more, it has been a political axiom that the interests of Russia oscillated periodically between East and West. In the days of Catherine the Great the eastern oscillation was directed toward Constantinople. Subsequently its compass was deflected farther into Asia toward Persia, Central Asia and Afghanistan, and finally, at the end of the last century, to China. That movement, or policy, was checked by the Russo-Japanese War in 1904-1905, and there followed a westward oscillation which found its expression in the Pan-Slavic support by Russia of Serbia against Austria-Hungary, which was one of the immediate causes of the World War. Once again military defeat brought a brutal check to Russian plans. Nevertheless, in wholly different circumstances, the dream of western expansion was revived by Lenin and ended with a third military disaster before Warsaw in August, 1920. As might have been expected, the next phase was an eastward oscillation, which came nearer to success than is generally admitted or understood by western observers, with the exception of the French writer Malraux, who alone appears to have seen how near the "Left" or revolutionary faction in China came to victory in 1926-1927 and how narrow was the margin that divided the Chinese Nationalist movement from Bolshevism or its Chinese equivalent, combined with a resolute attempt to free China completely from the "unequal treaties" and the control and influence of "western foreign devils."

Narrow as the margin may have been, it was nevertheless decisive in Sino-Soviet relations. Henceforward the Russians took to heart in Chinese affairs the same lesson which they had learned before Warsaw seven years earlier, that open "expansionism" was a foolish and hazardous business. It is not perhaps an accident that the understanding of this political thesis coincided with the downfall of Trotsky, who had advocated an aggressive revolutionary policy in foreign affairs, and with the adoption of the first Five-Year Plan which set the seal upon Soviet determination to "cultivate its own garden" and abandon, at least temporarily, any dreams of expansion in either the East or the West. Stalin had realized what Trotsky failed to see, that the Soviet State was too young and raw to contemplate foreign adventures until such time as its own bones had hardened and its new economic, financial and social structure had been erected.

A Period of Quiescence

The period from 1927 to the end of 1934 was therefore one of comparative quiescence in Soviet foreign policy, or perhaps it would be more accurate to say that it marked the replacement of open or revolutionary expansionism by a slowly but steadily growing effort to increase Soviet influence by diplomatic and economic methods not far different from those employed by capitalist States. It must be remembered that this was a period of great strain and difficulty inside the U.S.S.R., which was attempting simultaneously to industrialize a backward and undeveloped country, involving an unprecedented capital investment, and to socialize an equally backward and somewhat recalcitrant peasantry. In consequence, the foreign policy of the Soviet was at first dictated rather by the interest of self-protection than by those of extending its own influence. Nevertheless, the law of oscillation still held good. After the setback in China in 1927 the Russian pendulum once more swung westward. The rise of Hitler undoubtedly contributed to this process, but the Soviet entry into the League of Nations and the agreements with France and Czechoslovakia, although corresponding to the need of the U.S.S.R. to protect itself against possible aggression from Germany, were also an indication that for the time being Russia was facing westward rather than to the East.

During this whole period, too, the Soviet was conscious of military weakness, although, fortunately for Russia, the moment of greatest tension in Soviet-Japanese relations, 1932-1933, came too soon for Germany to be ready to attack the U.S.S.R., even in a combined operation with the Japanese. By 1935, however, the mechanism of Soviet defense, both in West and East, had been so considerably strengthened that for the first time in my experience, which dates back to 1921, the "war-bogy" ceased actively to haunt the minds of Soviet statesmen. True, they realized that the danger of war in general was greater than ever, but their apprehensions of an attack upon the U.S.S.R., and its possible effects, had notably diminished. While it would be incorrect to deny that the West is still the principal object of Soviet interest, it is neverthelses the fact that for the moment the U.S.S.R. has, so to speak, stabilized its position in regard to Europe and that its future policy will continue to be one of consolidation of influence, unless events make a more active attitude necessary. This stabilization and the advance of the U.S.S.R. in military, political and economic power have produced a corresponding change in the Soviet outlook toward the Far East.

Without going so far as to say that there has been a new eastward oscillation, we may state that Moscow now feels that the years of "retreat from China," if one might call it that, are ended and that there is no longer any need for such extreme caution as heretofore in dealing with Japan. Meanwhile, as the Kremlin has come to realize, the rich westernmost province of China, Sinkiang, which is virtually cut off by Nature and disorders of human origin from China proper, offers a fertile field to Soviet economic penetration to parallel the extension of Soviet industry into Turkey and Iran. In short, Soviet foreign policy in regard to the Far East has begun to pass from a negative to a positive stage.

Soviet-Japanese Relations

It is still true that the cardinal factor in relations between the U.S.S.R. and Japan is the former's avowed pacifism, although Stalin has declared that the Soviet would fight to defend a single inch of its territory from invasion. It is equally true that the Soviet maintains on the northern borders of Korea and Manchukuo a powerful military establishment and a strong modern air-fleet. Against that, however, the sale of the Chinese Eastern Railway at a price far below its value was the clearest possible proof that the U.S.S.R. would not oppose Japanese aims in North China as long as they were confined to Chinese territory. The sale of the railroad and the withdrawal of almost all the Soviet nationals who had worked on it showed indubitably that the U.S.S.R., far from attempting to pose as a rival to Japan's Manchurian ambitions, was profoundly anxious to avoid possible causes of friction with Japan or its puppet state of Manchukuo. It is little less significant that during the past year, as the Japanese press and fishing interests recently admitted, there has been no serious dispute in the matter of fisheries, which is a perennial source of friction between the U.S.S.R. and Japan. In short, the tension of two or three years ago has notably relaxed.

There exists in Japan a numerically small but highly influential section of opinion which believes that Japan's "pacificatory and civilizing mission" in North China (including the military occupation of Manchuria) will never be wholly secure so long as Russian terrestrial and aerial forces hold the Maritime Provinces and surround the semicircle formed by the northern frontier of Manchukuo. It is also evident that Japan's manifest determination to form a protectorate in Inner Mongolia, whose status will be analogous to that of Manchukuo, may readily cause trouble between this new state and Outer Mongolia, which is a Soviet protectorate in all but name. Such trouble may occur all the more readily because frontier delimitation between Inner and Outer Mongolia can hardly be said to exist. But the Outer Mongolian government—doubtless acting on Soviet advice—agreed to the Japanese-Manchukuo proposal to delimit the said frontier by a mixed commission, which spent some months in negotiation at Manchuli, though its efforts seem now to have come to naught. Finally, unless all indications are fallacious, two points may be taken for granted—first, that Japan has confidence in Soviet pacifism, demonstrated, as I have said above, by word and deed, and therefore has no serious fear of Soviet interference in its "appointed mission," at least for several years to come; second, that Japan is too deeply involved in China to desire any complications with the U.S.S.R. During the first two or three years of the Japanese occupation, when the U.S.S.R. was considerably weaker than it is today, Japan may well have thought of extending its operations northward and attempting to seize the Maritime Provinces by force. Instead it has preferred to expand south and west through Jehol and Chahar and along the northwestern fringe of the Great Wall to Dalai Nor and the rest of Inner Mongolia. This process led to further extension of Japanese influence in North China proper, that is to say, the installation of Japanophile authorities in Peiping and Tientsin. How far this may be followed by more practical measures will be discussed in the following paragraph.

Sino-Japanese Relations

The key question in relations between China and Japan is not, "Do the Chinese fully understand Japan's present intentions and ultimate aims?"—for about that there can be little doubt—but, "What are they going to do about it?" In the course of the past century it was generally understood that Turkey, the "sick man of Europe," maintained itself solely by playing off one European power against another. There is little such hope today for China, the "sick man of Asia." Against Russia, which was the most aggressive of the powers menacing Turkish integrity, the Turks could always play Russia's traditional rival, Great Britain, and, in the latter part of the nineteenth century, Germany. The Chinese today have no such recourse against Japanese aggression. The U.S.S.R. is not yet in a position to give more than a lukewarm moral support to the integrity of China. Germany, France and Italy are concerned with their own affairs, while Britain, upon whom China once relied for protection, for the sake of Britain's own interests, against Japanese aggression in Shanghai and the Yangtze Valley, not to mention Tientsin and Peiping, is now so greatly preoccupied by the situation in the eastern Mediterranean and the Red Sea that she is already carrying out a withdrawal of no small part of her naval forces from Far Eastern waters. It is no mere coincidence, the Chinese believe, that Japan decided to exchange political representatives with Abyssinia or that there are reports of a Japanese military mission and Japanese war material being sent to Addis Ababa. No subtle

oriental analysis of motives is required to reach the deduction that Japan can count on a relatively free hand from Britain as far as China is concerned in return for her moral, and perhaps later practical, support of British policies in the Italo-Abyssinian complex, together with a pledge that British interests in China will be protected. Or, as Moscow puts it more crudely, Britain is true to her old game of seeking supporters, if not allies, in a conflict she believes to be imminent, and as usual is willing to pay for them.

There remains the United States, but the Chinese can get but cold comfort from that once doughty champion of the "Open Door in China." Today the United States, secure behind its two oceans, is cultivating, if not its own garden, at least a policy of isolationism and aloofness even more pacifist and more opposed to interference with the distant aggressive aims of foreign powers than that of the U.S.S.R. Neither from missionaries nor bankers, those two curiously disparate channels through which China used to appeal with confidence to the aid and sympathy of America, is there any hope forthcoming.

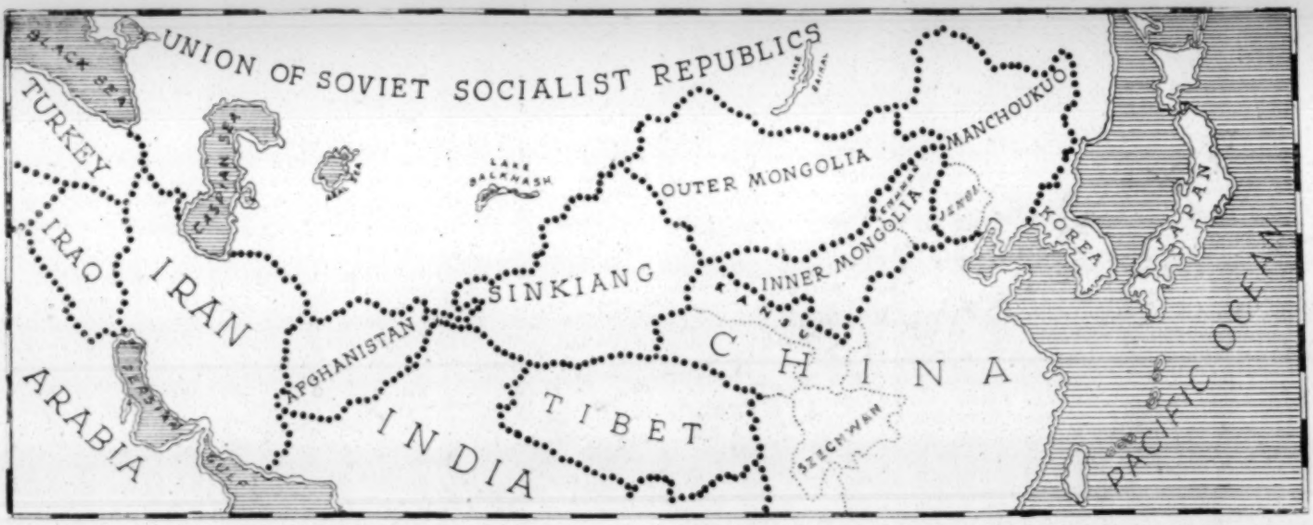
A Difficult Choice

Thus thrown upon their own resources, the Chinese must decide for themselves whether to oppose any resistance to Japan and, if so, what form that resistance can take. In this dilemnia the position of Chiang Kai-shek is of particular interest. The Chinese leader and Generalissimo has been fully aware of the extreme difficulty, if not total impossibility, of resisting Japanese aggression by force of arms. Accordingly, for a number of months he sought to evade the question by conducting a campaign against the Communists in the south-central provinces of China, where he personally took command. It now seems, however, that Chinese public opinion is becoming impatient. There are signs and reports that the Japanese are contemplating a new forward movement, perhaps in Shantung, perhaps in Shanghai itself, or both simultaneously. It is reported, for instance, that the Japanese propose to occupy the Chinese city of Shanghai, and the reports have been sufficiently persistent to raise cries of alarm and protest from the foreign press and population. It is thought, therefore, that Chiang Kai-shek must very shortly decide whether he will "surrender" to Japan or not. Should he yield, his personal influence and authority would be severely, perhaps fatally, injured. On the other hand, it is difficult to see what form resistance should take. A repetition of the anti-Japanese boycott, accompanied by passive resistance on a nation-wide scale, might or might not prove efficacious but would certainly lead the Japanese to more vigorous measures than they might otherwise have contemplated. The Chinese Generalissimo will doubtless endeavor to find a compromise that will "save his face," but it is increasingly hard for him to restrain the nationalist and Left elements of his party, especially the younger groups and members, who argue that death and destruction are better than submission to the Japanese yoke. This agitation was no doubt partly responsible for Chiang Kai-shek's recent operations against the Communists. To defeat or seriously to weaken the latter would indirectly diminish the influence of the Left in the Kuomintang, because the Communists are the most frankly anti-Japanese faction in China.

Reports of these military operations are, as is usually the case, contradictory and confusing, but it seems clear that, whether the Red forces were actually defeated or not, they were at least driven—or else marched—westward for a considerable distance. The distinction is important. If they were *driven* westward, Chiang Kai-shek can claim a success to enhance his prestige, and in any event the fact that they are more distant from the center will be to his advantage. It is possible, however, that the Communists moved westward into Szechwan of their own intent and that the "routs, defeats and pursuits" which Chiang Kai-shek has claimed are more or less fictitious in that he has been simply "pursuing" them along the course they wish to follow. In other words, what has occurred has been a long, tortuous and complicated movement of different Communist bodies, including women, children and civilians as well as troops, from their former strongholds in Fukien, Hunan and Hupei toward the west. This movement no doubt justifies Chiang Kai-shek in boasting that the southeast and central provinces have been cleared of Communists and that "law and order are being restored." On the other hand, a numerically powerful and, in the case of some units, fairly well-equipped and disciplined Red force has succeeded in reaching northwestern Szechwan, and is trying to infiltrate into the neighboring province of Kansu still farther to the northwest. In the welter of conflicting and inaccurate information it is impossible to say precisely where the Red armies are located and how far their movements are involuntary or voluntary—although there is a strong case for the latter—but it is already evident that they are almost beyond the range of Chiang Kai-shek's operations, which means that the Generalissimo will have no further excuse for avoiding a decision about Japan.

Japan's Alternatives

Much will depend upon the form that Japan's next aggressive steps may assume. That such steps will be taken is regarded as probable by well-informed opinion in China, both native and foreign, but there is obvious difference between financial, economic and political action and the movement of troops, that is to say the further occupation of Chinese territory. In the latter case Shantung and the coast towns of Fukien are the most likely objectives. A pretext for such action could easily be found and in some quarters it is believed to be imminent. The Japanese, however, may prefer not to force Chiang Kai-shek's hand so brusquely but instead to leave him a loophole for accepting the economic, political and financial suzerainty of Japan. The obstacle to the latter course is that Japan has not sufficient funds to carry out the exploitation of China unaided and knows well that it cannot count upon anything save a most unwilling cooperation from the shrewd Chinese financiers of Shanghai. Thus Japan itself faces a dilemma—the use of force may throw China into anarchy or even a despair-boycott and despair-resistance; yet without force it is difficult for the Japanese to attain their aims. Whatever be the issue, it is certain that the Japanese intend to use to the full the opportunity given them by complications in the West and by American isolationism to establish, if possible, their domination over China.



Sino-Soviet Relations

At first sight it might appear that the existence of Communist areas and armies in China would be a fatal barrier to friendly relations between the government of Nanking and the U.S.S.R. Superficially at least it seems that the anti-Red crusade was the central feature of Chiang Kai-shek's policy during the summer of 1935, and that in consequence he must regard the U.S.S.R., which is undoubtedly sympathetic to the Communist movement in China, as his bitter foe. One of the first things, however, that a foreign observer has to learn in China—and for that matter in Russia also on occasion—is that the surface facts are generally the least worthy of belief. Oriental diplomacy is a highly intricate process, and the making of secret arrangements which contradict the apparent facts is as old as Chinese history itself. It is not entirely fantastic to suppose that the move of the Chinese Communists westward has been less of a surprise to Chiang Kai-shek—or to Moscow either—than his military operations would indicate. If it is true, as seems to be the case, that the Communist movement has shifted its center of influence westward, that might well be a cause for congratulation both to Nanking and Moscow, and would tend to eliminate the chief obstacle to friendly relations between the two countries, because Nanking is well aware that its control over the far-western provinces is little more than nominal.

I hesitate to suggest that the Chinese Reds are endeavoring to pass from Szechwan to Kansu with the definite intention of risking

the long and perilous passage across the desert to Sinkiang (Chinese Turkistan, the most western province of China, which borders the U.S.S.R.), but in China anything is possible and it is not the first time that large bodies of men have crossed this allegedly impassable terrain. Such an exodus, if it could be accomplished successfully, would indeed bring the Reds to a Promised Land that would be fertile, friendly and safe. Finally, the immense distances already covered lend a certain probability to the theory that the "trek" is not merely haphazard nor directed solely by the pressure of hostile military forces.

The U.S.S.R. recently denied a report issued by the semi-official news agency of Japan, *Shimbun Rengo*, to the effect that a "Soviet government" had been set up in Sinkiang with its capital at Urumchi, which is in fact the capital of the Chinese province. The Soviet denial was just a little too vigorous to be wholly convincing, but it may be taken for granted that the Japanese agency statement, "A Soviet government has been formed and has begged for the admission of Sinkiang to the U.S.S.R.," is untrue. The utmost that might happen in this direction would be the formation of a "People's Government of Sinkiang" similar to the "People's Government of Outer Mongolia," that is to say, not more than semi-Soviet in character, and not part of the U.S.S.R., although friendly to the latter and looking to it for protection. In the present case, however, it is more reasonable to believe that the Japanese report is not only premature but preventive in that it expresses the Japanese anticipation of an event which would be most unwelcome to Japan and that the report is intended to head off this event if possible.

There is no doubt, however, that in recent years the economic and political influence of the U.S.S.R. has grown greatly in Chinese Turkistan. As far back as 1930 there was a regular motor-truck service in operation between Sergiopol in Central Kazakstan and the town of Chuguchak in northern Sinkiang. The duration of transit between the Soviet and Chinese termini averaged less than forty-eight hours, and there was a further road connection practicable for automobiles between Chuguchak and Urumchi. On one occasion the governor of the latter city, wishing to visit Peiping, preferred to travel via Sergiopol, thence by train to Semipalatinsk, and home to Peiping along the Trans-Siberian rather than to attempt the hazardous passage across the Gobi. On arrival in Sergiopol he informed Russian reporters that from Urumchi to Peiping through Soviet territory would take no more than two weeks and be perfectly safe, whereas the trans-Gobi journey might last six weeks and would require a force of a least two hundred guards. Since 1930 the Soviet has built roads up the Ili Pass from south-central Kazakstan to Central Sinkiang, and along a higher pass farther south leading direct to Kashgar.

Soviets Paramount in Kashgar

From the beginning of 1932 until the autumn of 1934 there was a period of anarchy and civil war in Sinkiang which ended with a victory of elements more friendly to Russia than to the government of Nanking, whose suzerainty they had virtually rejected. Despite reports to the contrary from Japanese and Chinese government sources, it does not appear that the Soviet army either overtly or "disguised" played any part in the Sinkiang struggle. It is, however probable that a former White Russian force of some fifteen hundred men, partly recruited from the remnants of Ungern-Sternberg's old army in Outer Mongolia, became less unfriendly to Soviet Russia than their White origin might have indicated. According to a report which I believe to be trustworthy but have been unable to confirm, some of the officers of this force, which had been a sort of praetorian guard of the Chinese governor, received certain monies and a safe conduct back to eastern China, whereupon the rest of the force announced that it was prepared to support the pro-Soviet contender for power. A further factor toward the same end was contributed by several thousand Chinese troops, who had cooperated in General Ma's resistance to the Japanese in Manchuria in the winter of 1931-1932, and who instead of surrendering had retreated into Soviet territory, from which after some delay they were "repatriated" to Sinkiang from Sergiopol. Be that as it may, there is no doubt of the growth of Soviet influence, both economic and political. In Kashgar, for instance, where the British had long been paramount, owing to the relative proximity to Chitral—and it may be said to the high quality of British official agents selected for this important post—it is now admitted by the British themselves that the Soviet Consul is the most important representative. As a sign of the times it may be mentioned that he recently offered to supply the British Consulate with electric power for lighting and pumping purposes from the new station which had been built in the Soviet compound. I do not know whether the offer was accepted, but my English informant appeared to think it would be.

As I have said, Sinkiang is so remote from Nanking's control that, even if a virtually independent pro-Soviet government were to be proclaimed there, that would cause little immediate distress to Nanking and might indeed form a link between Nanking and Moscow instead of a barrier. Russian and Chinese diplomacy have one thing in common—they are accustomed to look far ahead and think in long terms. Nanking doubtless understands that at present there is no hope of aid from the U.S.S.R. against Japanese aggression, but five or ten years hence it may be a different story, and the Chinese are doubtless eager to maintain friendly relations with the Russians as a potential supporter in the future.

Mortgage Law vs. Land Problem

The Editor, *The China Weekly Review* :—

An article entitled "Why Change the Mortgage Law?" published in the Feb. 6 issue of the *China Critic* is evidently intended to controvert opinions expressed in my article "Mortgage Law and the Shanghai Land Problem" printed in *The China Weekly Review* of Feb. 1.

The unknown author (the article is "Contributed") is indignant with regard to the fact that although "every one today knows that land in Shanghai is not worth as much as it once was, not every one is acquainted with the real cause of the decline in land values. Many a diagnosis of the real estate market has been offered, but none seems to point to the root of the problem." This is undoubtedly true. Much has been written on the subject and many various opinions expressed. We refuse to see any harm in this fact however. It simply indicates that this subject is of vital interest to the public and, moreover, it is common knowledge that it is amidst struggle of opinions that the real truth is born...

"Almost all opinions have come from interested parties who cannot look at the real issue in the proper perspective"—asserts my opponent. In order to avoid further misapprehension I feel obliged to point out in the first place that I am in no way "an interested party" to the problem in question, being no money-lender and not even enjoying extra-territorial rights. It is the juridical side of the matter and that only which brought me close to the land problem of Shanghai.

I maintain that "The Law is responsible primarily if not solely, for the depreciation in local land values." Moreover, "that the Law tends to destroy the liquidity of land as ready security for credit and as a consequence land has ceased to be a mobile asset for the investing public." This is not all. The opinion that "the moment the Law is revised to the heart's content of the land owners, land values will soar sky-high" is being ascribed to me.

I may say in defense that I never stated that the Law is the sole or the main cause of the depreciation of real property in Shanghai. Having dealt in detail with different reasons for the fall in the value of land which are, in my opinion, mainly the silver-purchasing policy of U.S. and the extensive exportation of silver by the foreign banks which consequently stopped granting loans under security and thus created a situation when much land was seeking mortgages, I pointed out that the Mortgage Law at present in force, *still aggravates bad conditions* and accentuates the depression, as mortgage deeds are beginning to be regarded with disfavor by mortgagees in view of the bad protection of their interests provided by Law.

I do not argue that the Law is the sole obstacle to the recovery of land values and that its revision would be the remedy for all ills, but I certainly maintain that it would greatly ease the present strained situation and result in raising the value of land to a certain degree. The latter seems very important for me not because I am looking after the interests of mortgagees, with which I am charged by my opponent. I simply believe that the easing of the system of credit would react favorably upon all sides of the business life of the city and this will happen only with the rise of land values, these two factors being closely interwoven with each other.

The interpretation of Judicial Yuan No 493, character "Yuan" which stipulates that the mortgagee, wishing to sell the mortgaged property, has to apply to Court for the sale by auction and wait for its final judgement, in my opinion, complicates the realization of a mortgagee's rights as well as causes the often undesirable delay for a mortgagor wishing to avoid the payment of extra interest on the mortgaged property.

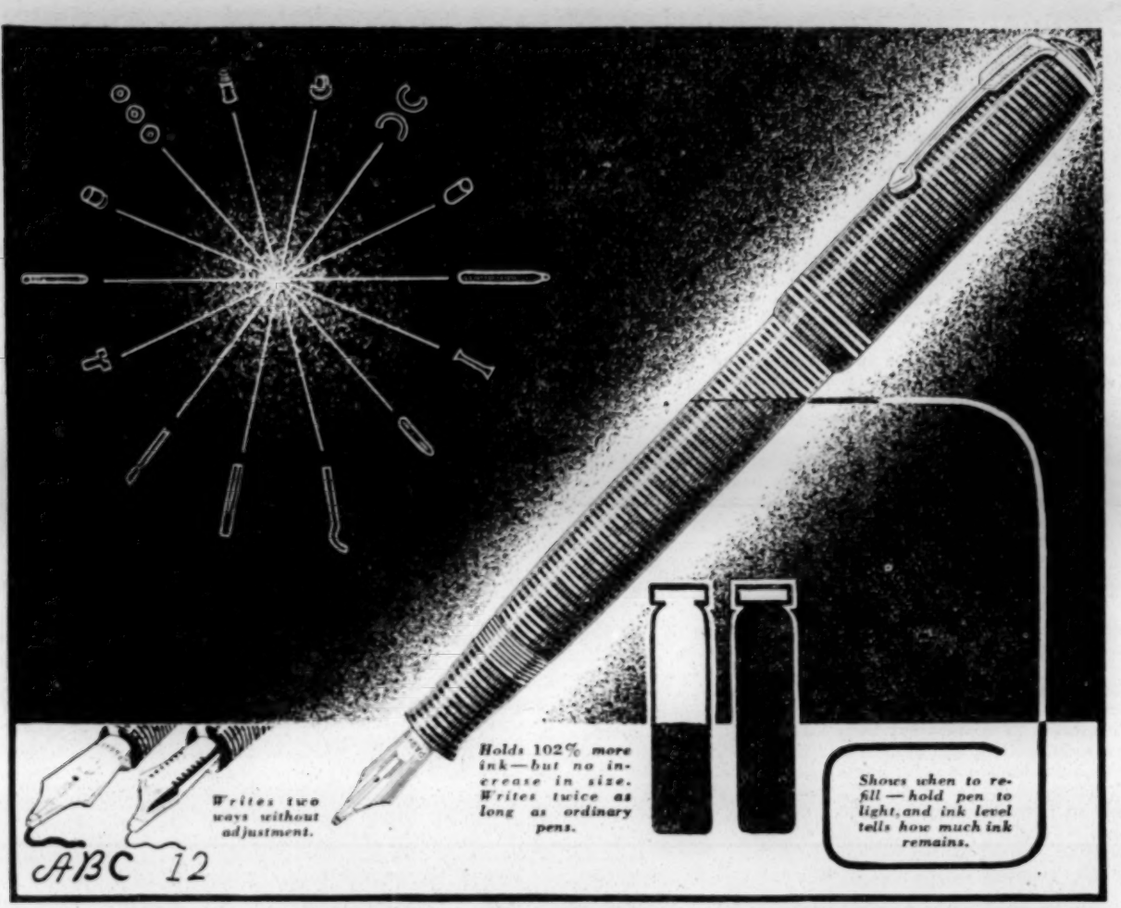
In order to make the procedure more simple I have made the suggestion that the Law be amended in this respect and gave as an example the German-Swiss Law and the Law of pre-revolutionary Russia, which provided that in similar cases the Law of Execution should be applied, namely, that a *permission* of Court for an auction is necessary, but not its final judgement.

To show that the Law has nothing to do with the fall of land values I pointed out that at the time when the Chinese Civil Code was promulgated, namely, in May 1929, and enforced in October of the same year, real estate in Shanghai reached its peak of value. This fact does not mean anything. First of all, the introduction of a new Law could not bring with it immediate results. Secondly, I am far from asserting that it, in its present form, is the only cause of all ills and that its revision will cure them all.

I am not inclined to argue on the point that the land situation in Shanghai is extraordinary and at variance with that of the whole China. It is so. But I denounce this fact as a reason why the Law, drafted for the benefit of the whole country, should not be revised in view of local specific circumstances. The ideal Law is one that is as flexible as possible and there should be no fear of its utmost responsiveness.

ANNA GINSBOURG.

150, Route des Soeurs, Shanghai, Feb. 11, 1935.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Japanese Capital Continues to Flow Into North China Cotton Mills

The Tokyo *Asahi* printed a despatch from Tientsin Jan. 31 that the Tokyo Spinning Company which has interested itself in the North China market will establish a spinning mill on a large site recently purchased in the second special district of Tientsin for Yen 400,000 as soon as the ice begins to melt, with a view to undertaking its advance on the North China market in real earnest.

Meanwhile the Kanegafuchi Spinning Company was launched upon resuscitation of the Yugen Spinning Company which had suffered bankruptcy and the Naigai Spinning Company has completed its survey of business prospects preliminary to starting operation.

Bank of China to Advance Mortgage and Credit Loans to Local Banks

With special permission of its Board of Directors, the Bank of China has decided to extend mortgage and credit loans to local commercial and native banks, with either cargo or documents as security. The maximum amount of such loans to each bank is $200,000, but this may be increased to $500,000 if the business of the applicant amounts to over $10,000,000 a year. Shops and factories with good financial standing may also obtain credit loans from the Bank of China.

Simultaneous with the flotation of the $340 million Recovery Loan, the first instalment of $40 million of the $120 million Third-Term Railway Construction Bonds will be issued on March 1, according to an official announcement, made in Nanking, Feb. 15.

Nanking Order for S.M.R. Locomotives Is Seen as Friendly Gesture

The Tokyo *Chugai Shogyo* of Feb. 4 stated that whereas the Nanking Government had heretofore excluded Japan in purchasing railway materials and concluded contracts only with British or German companies, it has now broken all precedents by applying to the South Manchuria Railway Company for the purchase of 15 locomotives, worth Yen 1,600,000 for the Lunghai railway line, thereby showing a friendly attitude toward Japan. The transaction is considered by said Tokyo commercial journal a happy one as promising better Sino-Japanese economic relations for the future. The S.M.R. has sent engineers to Shanghai to make arrangements with the Chinese Railway Department, while the Lunghai Railway Bureau will send its engineers to Dairen in February.

The Tokyo *Asahi* of Feb. 4 stated the Dairen Machinery works had signed a contract with General Yen Hsi-han for the supply 337 railway coaches valued at Feb. 4 Yen 740,000.

A Summary of Reconstruction Work Accomplished by the National Economic Council in the Northwest in 1935

BY HUBERT T. M. SOONG (宋子明)

OUR Central Government, in view of the abundant undeveloped natural resources in the northwest as well as the importance of these frontier regions for national reconstruction, has determined to develop the northwestern provinces in accordance with the plans devised by the National Economic Council. In March, 1934, the said Council therefore established an administration office in Sian for carrying out its announced mission. At the same time, it has despatched various experts who acted in cooperation with the technical experts despatched to China by the League of Nations in the Northwestern provinces; such as Shensi, Kansu, Chinghai (Kokonor), Ninghsia, Suiyuan, etc., to investigate and study the actual conditions with a view to devising schemes for the purpose of development. In May of the same year, various construction programmes were carefully and deliberately planned, and since then actual reconstruction work followed immediately. In view of its past activities, conspicuous and remarkable progress has been witnessed in many respects; such as the investment in the Shensi irrigation project, the construction of highways, extension of the cotton industry, improvement of cotton seed, establishment of agricultural cooperation, promotion of public health, and the establishment of cattle and pasture improvement farms in Chinghai. In 1935, the Council continued incessantly to work in accordance with its reconstruction programme planned in 1934, and the result is satisfactory.

Again, special members have been despatched by the council to various rural families around Sian to make an actual and accurate study of rural economy. Therefore two hundred families have been chosen as the object of their first studies. This study is reported to have been completed. What is more, the council has acted in cooperation with various public institutions, prominent social leaders, and those who are interested in economics to organize a northwestern Economic Research Institute which was formally inaugurated in Dec. 1935 in Sian. Plans have also been made to open branches in Kansu, Ninghsia, Chinghai, and some other northwestern provinces. In the following paragraphs I will therefore give a brief description of the major reconstruction work which is either completed or under development by the Council in 1935.

Communication Service

In developing the northwest, communication facilities are of paramount importance. The National Economic Council is fully aware of this, therefore it has left no stone unturned in developing the northwestern communication and transportation services. The following is but a brief discussion of the main highways built by the Council.

1. Sian Lanchow Highway:—On January 1935 the council established a Northwestern National Highway Administration Bureau in Sian whose business is to conduct and supervise the road administration and transportation service of this main line, which was successfully completed in September of the same year. Up to the present time, there are altogether 49 buses used efficiently and exclusively along this line. There has also been established a Bus Repair Works in Sian by the said council and steps are also being taken to install two additional branch works in Pingliang and Lanchow respectively. Along the whole line, 11 bus stations have been established and are all equipped with telegraphic service; out of the total number of bus stations, 9 have been provided with sleeping rooms and dining halls for the convenience of travellers, and 12 stations have been provided with the installment of wireless stations (including three stations which are just in the stage of installment in Fenhsien, Chingning, and Tingshih respectively).

At present the travelling expenditure is estimated according to the distance travelled. It has been decided that the price of a bus ticket is sold at a cost of three cents per kilometer for a single person. If travelling along the whole line, one has therefore to pay $25 for a ticket. As to the freight cost, thirty-cents is required to be paid for every kilogram per kilometer in coming up the road, while down the road, only seventeen cents and a half is required to pay for the same weight of goods per kilometer. Since the opening of the whole line for communication and transportation services, the public buses are always overcrowded and indications are that the business done along the road is extremely prosperous and of great promise in future.

2. Sian-Hanchung Highway:—This line starts from Sian and reaches Hanchung, after passing through Paochih, Fenghsien, and Linpachang with a total length of 390 kilometers. It is a main connecting line between Shensi, Kansu, and Szechuan Provinces. The section between Sian and Paochih was origiually a good road and therefore it did not require construction work. What had to be built and reconstructed was the section between Paochih and Hanchung. Therefore in June, 1934 survey work was started between Paochih and Hanchung by three survey parties organized by the council. The first party was from Paochih to Feng-hsien, the second from Fenghsien to Linpaocheng, and the third from Linpaocheng to Hanchung. Construction work followed immediately in each section and in the fall of 1935 construction work on the whole line was accomplished. On December 24, of the same year, the opening ceremony of this line was formally inaugurated, and since then bus service has been efficiently conducted without any interruption.

3. Hanchung-Ningkiang Highway:—This line starts from Hanchung and stops at Ningkiang, from which place it extends to the border of Shensi and Szechuan Provinces and finally it passes through Kwangyuan, Szechuan, and terminates at Chengtu, capital of Szechuan. It has a total length of more than 140 kilometers. In spite of many obstacles confronting the council, construction work has been carried on successfully and persistently. It is scheduled that the whole line is to be opened for bus service at the end of January 1936.

Irrigation Project Carried Out

In view of the fact that the northwestern provinces are often short of rainwater during the sowing season, whereby numerous famines occured in the past, the National Economic Council has decided to build various irrigation projects and established a Kinghuei and Lohuei Irrigation Construction Bureau in Shensi. The construction work on the Wei Pei irrigation project, known as Kinghueichu, was completed in May, 1935. The Lohueichu is also under construction, and some of the big dams and tunnels of this project have now been completed. It is scheduled that this herculean task is to be accomplished in June, 1936. Besides, the construction of Yiao Hueichu in Kansu Province is also successfully carried out by the Kansu provincial government. And the Yun Tingchu in Ninghsia Province was financed entirely by the council and the construction of this project was already accomplished by the Ninghsia provincial government in May, 1935.

Public Health Improved

Being deeply impressed by the fact that public health in the northwest was in a deplorable condition, the National Economic Council spared no effort in promoting public health. Up to the present time, numerous health centers have been established under its direction. The following is a short discussion of the work in connection with hygienic activities done by the council in the north-western provinces.

1. Public Health in Shensi:—The council established in 1935 a midwifery school and a commission for the promotion of health education among the populace in Sian. Besides these, three health centers have also been opened in Sanyuan, Hwahsien, and Yulin respectively, solely for the purpose of improving the people's health. Now all the above-mentioned institutes are well equipped and maintained in good condition.

2. Public Health in Kansu:—On September 1, 1934, the Kansu Public Health Experimental Station was established in Lanchow. Since then hygienic activities were carried out and various public health institutes were created; such as a midwifery school, midwife training class, the promotion of veterinary science, the organization of the Health Education Commission, etc.

3. Public Health in Ninghsia:—The Ninghsia Public Health Experimental Station was organized in December 1934. And since then various health work in connection with medical treatment, nursery business, and the promotion of public health have been conducted with gratifying results. Besides, a Health Weekly was published in order to give information on the science of hygience to the general public.

4. Public Health in Chinghai:—Autodisease work was conducted mainly for the practice of vaccination because small pox is one of the most formidable foes to the health of the people in this province. The health of women has been improved by persuasion and lectures on various hygienic subjects, for the women in this rather isolated province are too conservative to attend modern hospitals for medical treatment, especially pregnant women. In addition, groups of physicians are despatched to various rural areas, who travel from place to place in order to give medical treatment as well as hygienic knowledge. The result according to reliable information is astonishing. What is more, much has been done to eradicate the various diseases of domestic animals, which are quite widespread in this province.

Cattle Industry and Pasturage System Improved

For the purpose of improving the cattle industry and the pasturage system in the northwest, a Northwestern Cattle and Pasture Improvement Farm has been established. Following the establishment of this farm, steps are also being taken to open more branch farms in various places. Therefore along the bank of the Yellow River in the northwestern provinces, pure grass seeds have been sown and it is reported that the grass is now growing widely along both sides of the river. This kind of grass is said to be the best kind for feeding domestic animals.

However, it is to be admitted that though the cattle industry in the northwest is most promising, yet due to the practice of old

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ABRIDGED TIME TABLE

1st January, 1936 and until further notice.

41 Ordinary 1 2 3	3 Ex. D 1 2 3	23 Fast D 1 2 3	301 Ex. SD 1 2 3	5 Ex. D 1 2 3	305 Ex. SD 1 2 3	1 Ex. SD 1 2 3	Down Trains	MAIN LINE STATIONS	Up Trains	2 Ex. SD 1 2 3	302 Ex. D 1 2 3	6 Ex. SD 1 2 3	74* Goods & Pgr. 3rd only	42 Ordinary 1 2 3	4 Ex. D 1 2 3	24 Fast D 1 2 3	306 Ex. SD 1 2 3
5.45	9.30	13.00	15.35	17.10	20.00	21.15	dep.	Peiping	arr.	9.25	10.00	11.38		17.40	18.25	22.30	23.15
6.04	—	13.16	—	—	—	—	,,	Yung-ting-men	dep.	—	—	—		17.23	—	22.15	—
6.20	10.00	13.30	16.00	—	20.26	21.40	,,	Fengtai	,,	9.02	9.36	—		17.05	18.03	22.02	22.50
6.44	—	13.48	—	—	—	21.58	,,	Huang-tsun	,,	8.43	—	—		16.37	—	—	—
7.39	—	14.37	—	—	21.20	22.38	,,	Lang-fang	,,	8.05	—	—		15.41	—	20.54	21.51
8.03	—	14.53	—	—	—	22.55	,,	Lao-fa	,,	7.43	—	—		15.20	—	—	—
8.36	—	15.20	—	—	—	23.16	,,	Yang-tsun	,,	7.21	—	—		14.50	—	20.19	—
9.14	11.44	15.47	17.51	19.10	22.24	23.42	,,	Tientsin Central	,,	6.56	7.45	9.40		14.14	16.10	19.55	20.54
9.23	11.52	15.55	18.00	19.18	22.32	23.50	arr.	Tientsin East	dep.	6.45	7.35	9.30		14.00	16.00	19.45	20.45
9.35	12.05	16.05	18.20		23.00	24.00	dep.	Tientsin East	arr.	6.30	7.05		11.45	13.46	15.48	19.32	20.15
10.38	13.04	17.06				1.01	,,	Tang-ku	dep.	5.30			10.10	12.46	14.55	18.35	
11.46	14.00	18.13		Stop		2.07	,,	Lu-tai	,,	4.26				11.41	14.00	17.26	
12.34	—	19.00	FOR SHANGHAI		FOR PUKOW	2.58	,,	Hsu-ko-chuang	,,	3.30	FROM SHANGHAI			10.45	—	16.34	FROM PUKOW
12.52	15.00	19.18				3.15	,,	Tang-shan	,,	3.15				10.30	13.05	16.20	
13.06	15.11	19.29				3.30	,,	Kaiping	,,	2.55				10.10	12.51	16.07	
13.39	15.35	19.54				4.03	,,	Ku-yeh	,,	2.30				9.44	12.34	15.50	
14.29	16.07	20.28				4.53	,,	Lan-hsien	,,	1.32				8.45	11.55	15.07	
15.32	16.49	21.18				5.59	,,	Chang-li	,,	0.31				7.40	11.14	14.22	
15.56	—	21.37				6.24	,,	Liu-shou-ying	,,	0.01				7.12	—	13.59	
16.11	17.17	21.50				6.42	arr.	Pei-tai-ho	dep.	23.42				6.54	10.43	13.45	
16.16	17.22	21.55				6.47	dep.	Pei-tai-ho	arr.	23.37				6.49	10.38	13.40	
16.43	17.42	22.17				7.16	,,	Chin-wang-tao	dep.	23.09				6.25	10.20	13.20	
17.05	18.00	22.35				7.40	arr.	Shan-hai-kwan	dep.	22.40				6.00	10.00	13.00	
						8.20	dep.	Shan-hai-kwan	arr.	22.00							
						16.40	arr.	Shen-yang(Mukden	dep.	14.00							

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket on which they intend to claim refund.

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Tientsin, 1st January, 1936. **BY ORDER.**

and unscientific methods in raising cattle, different kinds of animal diseases have occurred in the past and the loss incurred by the farmers was reported to have reached a startling amount of money. After having realized this, in Kanpingtsu, Kansu, an Anti-disease Experimenting District was allotted and conducted jointly by the Northwestern Cattle and Pasture Improvement Farm and the Northwestern Anti-disease Association, solely for the purpose of studying an efficient method to eradicate the various animal diseases so commonly found in this part of the country.

Agricultural Cooperation

Owing to the scarcity of funds the activities of agricultural cooperation have been extended to Shensi Province alone. Various cooperative work was done first in the Kuanchung Area and then extended to the Yulin and Hanchung areas in the province. It is reported that the work is expected to be accomplished in three successive years. The work is being done along the following lines and in the following stages.

1. The Shennan area was selected as the region for various co-operative activities, and when these are completed, attention will then be turned to other areas in Shensi. The first step for carrying out this object is to lend money to the farmers who are in need of financial help.

2. Every spring a large meeting will be held at which all the members who are doing various cooperative work in the rural areas are reqired to be present for discussion and report on the work done in rural districts for the purpose of reform.

3. Members are despatched to Tungkuan, Hwayin, Changan, Fenghsiang, and some other districts to conduct cooperative work and to make necessary loans to the farmers, and to investigate the various cooperative societies organized or directed either by banks or other social organizations in different rural places.

4. In view of the fact that during the sowing season the farmers are badly in need of financial help for the buying of fertilizer, seed, and agricultural implements, a plan has been worked out in order to lend more money to them.

5. In response to a request submitted by the Provincial Department of Reconstruction of Shensi, the National Economic Council also takes charge of the registration of the various co-operative societies in the whole province.

6. Arrangements have been completed with the Central Bank for making loans to the farmers in Chingyang, Sanyuan, Kaoling, Changan, Lintung, and Weinan districts. The same arrangements will also be made with other banks for giving financial help to other districts if conditions require it.

7. In order to make the people understand the real meaning of cooperation and its advantages so that cooperative work can be extended far and wide in the province, a Cooperative Propaganda Organization has been established. Now the Kuanchung area is divided into five districts, and each district is also subdivided into numerous small units for the convenience of doing propaganda work.

Cotton Production Improved

For the purpose of extending and improving Shensi cotton both in quantity and quality, a Shensi Cotton Improvement Institute was jointly organized by the Cotton Control Commission of the National Economic Council and the Reconstruction Department of the Shensi provincial government in April, 1934. The plan of the above-mentioned institute is to provide selected seeds for the cotton-growing farmers as its first step. Therefore, in 1934, in Yangwoochun, east of Chingyang district, a Cotton Experiment Farm covering more than 500 mow was established solely for the providing of selected seeds for the cotton-growing farmers in or around Ching-huei. Again, for the extension of this work, in 1934 a branch cotton experimental farm covering 1,000 mow was also established in the Tali district, and it is reported that various construction work in this branch farm is scheduled to accumulate this spring.

The Shensi Cotton Improvement Institute, in order to make the cotton-growing farmers solve various problems connected with the cotton industry; such as cotton-growing, disposing of their products, improving the cotton crop both in quantity and quality, reducing the cost of cultivation and of packing and last but not least, preventing the shrewd merchants from sucking their blood, has therefore established numerous Cotton Production and Consumption Cooperative Societies which are distributed in different districts. At first, only the Yung-lo Production and Consumption Cooperative Society was opened, but in a short time the number was increased to 16 in 1934, and 26 in 1935. It is reported that because of the presence of these societies, the cotton-growing farmers have been greatly benefited. The cotton area has consequently been increased to more than 3,700,000 mow in 1934 and 3,800,000 mow in 1935 according to available statistical reports.

From the above, we can not help appreciating the effort and energy exerted by the National Economic Council in developing our long-neglected northwestern provinces. It goes without saying that if the council could carry out all its development schemes in the years to come, our northwest would become as prosperous a region as China proper.

Sian, January 27, 1936.

The Silk Trade of 1935

BY T. H. SUN

AFTER having passed through many years of trade slump and business bankruptcy, China's silk industry saw good days in 1935. The sericultural firmament, which had been overshadowed by business depression, gradually cleared as the year progressed, and the sunshine, which had been hoped for so long and so fervently, became at long last a thing of reality. This sunshine, although its rays were still faint and weak, may yet be bright enough for those who had been faced with the unusually long rainy season, and those who basked under it found its warmth sufficient to drive away their chills. The dark journey seemed to have come to its end, and the very few travellers, who had groped in pitch darkness in spite of manifold obstacles and difficulties on the way, had their courage and perseverance rewarded with high hopes and bright prospects.

A few of the silkmen indeed had their courage and perseverance partly rewarded, because they were able to declare a profit for the first time in the past many years. This profit was, of course, infinitesimal in comparison with the past successive losses, but the upward turn of the silk trade had a decidedly stimulating effect upon the psychology of silk men, so much so that their hopes, which had been hitherto shattered to the ground, were buoyed up once again. In proportion as the silk trade improved, many of the long suspended filatures resumed their operations one after another, and the idle machinery resumed its former pace. At one time, more than fifty filatures opened their doors for business in Shanghai alone, but many of them had to close down before the end of the year, when they were faced with a shortage of cocoon supplies.

Since June, silk prices steadily rose and reached their climax in October, when silks were quoted at $1,000 per picul in the local market—an increase of more than 50% as against prices at the beginning of the year. After this flight, there was registered a slight drop in prices, but the tone of the market was continuously firm, inasmuch as the supply of silk fell far short of the demand. By the end of the year, the market took another turn for the better. Although attractive prices were offered for spot silks, no seller could be found—a reverse of the condition we found a year ago.

During the cocoon season in May and June, silk prices were still at their low level. Because of the previous bad years, many of the silk farmers quitted sericulture altogether. It is a long known fact that thousands of tracts of mulberry fields in Central China have been converted into rice fields during the past few years, and that cocoon production has been on the decrease. The prices paid for spring cocoons ranged from $20.00 to $30.00 per picul. Efforts were made to encourage the farmers to raise silkworms in summer and autumn with the hope of making up the shortage of the spring variety, but they were not crowned with much success.

The reason for the sudden revival of the silk trade is possibly twofold: First, the increase in the use of real silk, and, secondly, the drastic reduction of cocoon and silk productions. The figure as to China's silk exportation for 1935 is not yet available, but it is generally believed that it will be the largest in the past five years. The increase of consumption alone would not possibly have had such immediate effects upon the silk market with out the accompaniment of the general reduction of cocoon and silk productions. Last year the cocoon production in Japan, Italy and China was very much reduced. In Japan, the total quantity of eggs placed in incubation was 6.5% less than in 1934, and 13.6% below the average. Cocoon production in Italy was approximately 40% of the annual of 1929-33 average. In China, cocoon production was said to be at least 30% below the average.

Two-fold Reasons for Revival

This reduction of cocoon production brought China vis-a-vis a situation which she had not met with before. Many silk filatures had to close down as a result of the want of raw material to work with. Foreign buyers whose orders could not be filled here when all the silks had been sold out had to secure their needed supplies somewhere else. China indeed lost a fine opportunity to rebuild her silk trade. So long as cocoon prices are kept at their low level, it is exceedingly doubtful if silk farmers will enthusiastically re-engage in sericultural business during the next cocoon season. It is high time for the Government and silkmen to consider this problem seriously, and adopt some adequate measures beforehand, so as to prevent the recurrence of this anomalous situation again this year.

The Chekiang Provincial Government must be congratulated on its success in carrying out its admirable plan of rationalizing the production of cocoons. Disease-free egg-sheets were distributed among silk farmers at a very low price, and in some cases, restriction was made in the use and sale of native egg-sheets. Technical staffs were sent to the villages to teach the farmers scientific methods of rearing silkworms. As a result, the crops last year, we have been told, were unusually good in quality. The Chekiang Government monopolized the purchase of cocoons produced in that province, and prohibited silkmen of other provinces from opening up cocoon-purchasing stations there. This measure caused many complaints from Shanghai filature men, who made representations to the Chekiang authorities against this restriction. Although much criticism has been levelled against this rationalization scheme, I, however, believe that the end justifies the means.

The Ministry of Industries announced last year a plan of establishing a $800,000 modern silk filature in Chekiang. This announcement caused considerable interest among silkmen everywhere. But so far nothing definite and concrete has been worked out. It is expected that this government-owned and operated filature will make its bow in the not distant future. The establishment of a modern filature, needless to say, will do much to encourage the silkmen to discard their old methods of silk-manufacturing, and adopt new and better technique, which has contributed progress and success to Japan's silk industry.

Right after the visit of the American Trade Mission, a proposal was considered to send a Silk Mission to the United States to make inquiries regarding the requirements of American silk manufacturers and to increase the sale of Chinese silks in the American market. Possibly for lack of financial support, this proposal, although heartily approved by the silkmen, had to be deferred indefinitely. It is hoped that with the improvement of the silk market, this proposal may be carried out this year. It will be highly profitable if some of our sericulturists can go over to the United States to make investigations on the spot into the conditions of the largest silk-consuming country in the world. Their findings will certainly help in the reconstruction of China's silk industry.

Brazil followed the example of the U.S.S.R. in entering into the field of silk-production, which had hitherto been monopolized by China, Japan and Italy. According to press reports, sericulture made rapid progress in Brazil last year, and cocoon production which averaged about 450,000 lbs. annually from 1929 to 1933 jumped to over 1,300,000 lbs. last year. With the abundance of cheap labor in that country, there is really no reason why it can not become another leading silk-producing country, although it must be owned that its climate may not be as favorable to sericulture as that in China and Japan.

A Basic Program

At this time when the silk trade is on the way to recovery, it behooves us to consider measures of reconstructing our silk industry with a view to capturing our lost trade. A basic program of rehabilitating our silk industry in Central China must consist of the following measures:

1.—Mulberry:
   (*a*) To encourage the cultivation of mulberry trees in new districts.
   (*b*) To educate the farmers to improve their methods of mulberry cultivation.
2.—Silkworms:
   (*a*) To prohibit the farmers from using diseased silkworm-eggs.
   (*b*) To educate the farmers to improve their methods of raising silkworms.
3.—Silkworm-eggs.
   (*a*) To standardize silkworm-eggs.
   (*b*) To give rewards to those egg-producing stations which produce eggs of a very good quality.
4.—Cocoons:
   (*a*) To regulate that cocoons must be purchased and sold directly between farmers and filature men.
   (*b*) To encourage the use of modern cocoon-baking machines and prohibit the installation of old-type cocoon-baking ovens.
5.—Silk:
   (*a*) To formulate regulations governing filatures.
   (*b*) To improve the methods of operating filatures.
   (*c*) To encourage the installation of such new machines as can be used not only to improve the quality of products but also to decrease the cost of production.
   (*d*) To educate the filature men to improve their technique of manufacturing silk.
   (*e*) To educate the filature men to adopt rational management.
6.—Silk-marketing:
   (*a*) To effect a close co-operation between the Government and the filature men in marketing silk directly to foreign consumers and in conducting international publicity for Chinese silks.
   (*b*) To put into effect the buying and selling of silk in accordance with classification.
7.—Sericultural Co-operative Societies:
   (*b*) To educate the people to organize co-operative societies for silk production, marketing and transportation.
8.—Reduction or abolition of taxes and surtaxes and also freight charges on cocoons and silk:
   (*a*) To order all the magistrates of various districts in Kiangsu and Chekiang to reduce or abolish taxes and surtaxes on cocoons and silk.
   (*b*) To co-operate with the Ministry of Railways and also the Ministry of Communications in reducing transportation charges on young mulberry trees, cocoons and silk.

The above program is undoubtedly a very extensive one, because it does not merely deal with one phase of the sericultural problem, but covers all its ramifications. It comprises all the needed reforms which should long ago have been introduced into our silk industry. Its introduction will resuscitate China's very old industry and reestablish the fame of one of China's most important national products.

Toy Railway Thrives in Shansi

BY HALDORE E. HANSON

YEN Hsi-shan has donned gown and scull cap in the new role of railway magnate. From the grasslands of Inner Mongolia to the sand flats of the Yellow River where it races along the border of Honan a new toy railway is rapidly nearing completion, with four hundred miles already in daily service. Ninety additional miles are already completed, and 350 miles more will be pressed to completion in 1936.

The remarkable speed with which this railway has been built and the substantial profit which it produced within one month of its sectional opening demands examination; certainly if a narrow gauge railway can be built inexpensively and can carry farm produce for one-tenth the cost of a motor truck, the new experiment must give the national government pause to consider its much vaunted progress in motor roads.

The Tung-p'u railway was made possible by the unique distribution of Shansi's economic resources. Extending down the center of the province from north to south, one coal field and six agricultural plains are adjacent like the links of a great chain. It is along this route that the railway passes. One outlying agricultural plain and another coal field lie in the southeasten corner of the province; they will be drained by a branch railway, leaving the T'ung-p'u at Taiku. A second branch line will connect with Fenyang, terminus of the old caravan route from North Shensi. No one can question the economic usefulness of the new railways.

Unfortunately the methods of construction are not above reproach. To begin with, the land over which the railway passes was confiscated, with not even a promise of indemnity. Next the various sections of the railway construction were parcelled out to villages within a hundred *li* of the roadbed, and the village heads were given a dead line for the completion of the section within their territory. The provincial government furnished the rails and sleepers, but the villagers were compelled to furnish all tools, animals, and laborers. The first section south of Taiyuan was undertaken by farmers, but they soon found it less costly to hire a contractor with experienced coolies, who could work more rapidly and leave the farmers free to care for their crops. Each village thereafter employed laborers at 10 cents a day, which the farmers grudgingly paid. More than half of the provincial army was also employed in construction work, but they likewise were paid 10 cents a day by the nearest villgae.

From the engineering standpoint the railway construction is no more satisfactory. Its gauge is but 39 inches, compared with 56 inches on the standard railways of the national government. The Hopei-Shansi railway (Cheng-t'ai) has the same narrow gauge but its rails are much more substantial. The new T'ung-p'u rails are but 39 pounds per yard; the Cheng-t'ai 48 pounds; the standard government railways, 72 pounds. Despite its narrow gauge and light rails the toy railway is using heavy German locomotives and freight cars of standard width.

Old German Locomotives

The locomotives are another sore point. Early in 1934 Governor Yen ordered twelve locomotives from Germany at a cost of $45,000 each. In one year ten of these locomotives were burnt out, an average monthly loss of $38,000. This destruction is in strange contrast to the experience of the Shansi-Hopei line. The French locomotives cost $130,000 each, and are still giving good service after 27 years of use. A part of the recent trouble was caused by the stupid use of hard water in the tanks, as the engineers had tried to draw water from the creeks along the line, thus economizing on the construction of water tanks. But that was not all. It is rumored that the engines were not new; they were discarded military locomotives used by Germany during the world war, really quite useless when they arrived in China. Since this disaster Governor Yen has purchased upward of fifty engines from different European countries, mostly from Germany.

The road bed construction is the most doubtful economy. No ballast was placed between the sleepers; causing the cars to sway dizzily from side to side. This shortcoming has been remedied along one-third of the line, and will gradually be eliminated over a period of years. The bridges and embankments have everywhere been constructed in the flimsiest manner. Near the Yellow River the trains crawls along the bottom of an artificial canyon five miles long, cut through a loess cliff. At times the walls of this earthen gorge rise within eight inches of the car windows on either side and tower above the carriages one hundred feet, causing the loose earth and gravel to shower down upon the coaches as the train passes through. It is an unpleasant experience.

Despite its anemic constitution the toy railway took to profits as a bee takes to honey. Within three months after the opening of the Taiyuan-Yellow River line the daily revenue exceeded $11,000, and was steadily rising. The daily expenses average $4,000, leaving a net profit of $210,000 a month. (These figures are official, but they are accepted even by the Marshal's critics.) At this rate the government estimates that it can meet repairs and pay off its initial investment ($20,000,000) within 15 years. Engineers who have studied the project are doubtful whether the line will still be standing.

(*Continued on page 432*)

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American Foreign Policy Is Explained by U.S. Under-Secretary of State Phillips

The following are extracts from an important address by the U. S. Under-Secretary of State, William Phillips, before the Council on Foreign Relations, at Chicago, Feb. 15. In addition to the paragraphs below, which relate particularly to China, Japan and Russia, there were many references to U. S. relations with other foreign countries, notably those of South America, which have been omitted, owing to limitations of space.

I have recently returned from London where I served temporarily as one of the United States delegates to the Five Power Naval Conference which met in accordance with the terms of the Washington and London naval treaties of 1922 and 1930. The Conference is still in session although with the Japanese withdrawal it has become a Four Power Conference, limited to the delegations from the United States, Great Britain, France and Italy.

Effect of Japan's Plan

The Japanese delegation advanced the theory of the 'common upper limit' and proposed that this limit should be set so low as to require a reduction by Japan herself. It was the view of the other delegations that if such a plan were carried out the contracting Powers having navies larger than Japan would be obliged to scrap or sink many of their vessels in order to reach the prescribed common upper limit, and this in turn would permit powers with very small navies to build up to that limit. None of the other delegations attending the Conference could agree to the Japanese proposal. They all held that to obtain equality security there must be a superiority of defence in each country's own waters and that this depends upon factors other than naval strength alone. Our delegation expressed the view that configuration of coast lines, importance and relative distance of outlying possessions, length of communications and complexity of responsibility necessarily require unequal navies if equality of security is to be maintained.

The Japanese, however, held to their original position that acceptance of the "common upper limit" was the only way to create a state of non-aggression and non-menace, and that since the other delegations had made it clear that they could not accept the Japanese proposal Japan had no other choice than to leave the Conference. And so the Five Power Conference now reduced to Four Powers is proceeding on its way in an effort to reach mutual agreement with respect to so-called qualitative limitation, or to use a more colloquial expression to "freeze" the present types of naval vessels and naval armament and so prevent a race in new inventions of naval types. With the absence of the Japanese a meeting of minds on quantitative armament is impossible.

Important among our problems are questions which arise from our relations with countries of the Far East.

Strong Tide of Nationalism

The tide of nationalism is running strong in Asia. Each of the several nations in the Far East is struggling with difficult questions. On our part we have no desire to place obstacles in the way of their arrival at just solutions of their problems. We do not wish to dictate to them, nor to intrude in their local controversies, nor have we any thought whatever of any action of aggression against any nation. Confronted with revolutionary and evolutionary developments in the Far East we are proceeding diligently and with sympathy and patience on this principle of safeguarding our national interests, of endeavouring to perform our own obligations and of upholding the principle of the performance in general of all international obligations. Our course and attitude at every stage is well and clearly defined.

The United States is a party to a number of treaties, some bilateral and some multilateral, the objectives of which are peaceful regulation of international relations in the Far East. We believe that in general the principles upon which those treaties are based and the provisions which they contain are sound, and that if they were lived up to observance of their provisions would go far toward maintaining with justice in the Far East.

"Open Door" Policy

In China the United States together with several other Powers has long advocated what is known as the "open door" policy. Curiously, a good many people who discuss the "open door" policy fail to realize that in its relation to China this policy is nothing but a particular manifestation of the principle of "equality of commercial opportunity." The United State has always advocated procedure in accordance with that principle in regard to all parts of the world. We believe it is a sound principle, and that in spite of the fact that there have been situations in which it has been disregarded we cannot either wisely or consistently abandon it with regard to any particular area or country. We have constantly and in the frankest manner maintained the integrity of this policy.

And now let the "magic carpet" carry us back to the Western Hemisphere and to our neighboring republics to the south. . . . I have heard it said that the State Department has put into a treaty with Latin American countries the assurance that the United States would never again use force for any purpose It is true that a convention signed at Montevideo entitled "the convention on the rights and duties of states" contained the provision that "no state has the right to intervene in the internal or external affairs of another," and it is true also that our Government is opposed to the interference with the freedom, the sovereignty or the internal affairs of the government of other nations just as we Americans are opposed to the intervention in the affairs of this country by any foreign power, but, our Government, no more than any other responsible government, has never renounced the right to protect those legitimate rights of its citizens which are generally recognized and accepted by international law and by international conventions. The protection of the lives of citizens is and must be a matter of first concern to any responsible government, whenever and whichever the local authorities of the country in which they reside are clearly unable to afford such protection, and whenever the lives of its citizens are in real jeopardy.

What we have renounced, however, is any right to claim that because we are more powerful than our neighbors we can use that superior force to intervene in the internal affairs of weaker nations thereby acting in flagrant disregard of their sovereign rights. What we have renounced is a right to establish an American police force in other independent nations whenever the properties of the American citizens resident therein were believed to be endangered.

Relations with Russia

The question of our relations with Russia has also demanded attention. It was considered abnormal that there should be no official intercourse between the United States and a country which covered one-sixth of the surface of the globe and had a propulation of more than 160 million people, particularly, since more than a score of countries including all the great powers had already established diplomatic relations with Moscow. We felt that our aim to preserve peace and strengthen the peaceful purposes of the civilized world could be furthered were it found possible after discussing questions outstanding between the two countries to publish normal official relations. Let me emphasize that this was the impelling motive in our initiating the conversations.

While of course the broad question of our commercial relations with Russia was given consideration, particularly in connection with the problem of settling debts and claims, there were no illusions in any respectable official quarters with respect to the extent to which our trade with the Soviet Union could be developed. The inescapable limitations imposed upon the expansion of trade with the Soviet Union were admirably pointed out by Mr. Bullitt in a speech in Philadelphia shortly after his appointment as Ambassador. They were fully realized by all responsible officials who consistently avoided encouraging the hopes prevalent in some quarters that a huge increase in trade would result from recognition.

"The Soviet Government accepted the President's invitation of October 10, 1933 to send a representative to Washington to explore personally with him all the correspondence between our two countries, and the ensuing conversations with Mr. Litvinoff led finally to the establishment of diplomaitc relations in November of that year. A series of agreements was reached, the most important of which provided for non-interference from Moscow in the internal affairs of the United States, and the pledge given by the Soviet Government in this regard was far more unequivocating and comprehensive than any similar pledge given to any other government.

It will be remembered that Secretary Hull lodged a prompt and energetic protest with the Soviet Government in connection with the activities of the Seventh Congress of the Communist International held in Moscow last summer. He made it quite clear that we intend to hold the Soviet Government strictly to the observance of its pledge with regard to non-interference in the internal affairs of the United States. He stated that 'if the Soviet Government pursues a policy of permitting activities on its territory involving interference in the internal affairs of the United States instead of "preventing" such activities as its written pledge provides the friendly and official relations between the two countries cannot but be seriously injured.' Our position on this important phase of our relations remains unchanged.

Among other agreements reached were those concerning the right of American citizens in the Soviet Union to legal protection and to freedom of religious worship.

While as I have said, we had no ill feeling regarding the expansion of trade between the United States and the Soviet Union, an endeavor was made to establish a sound basis for the development of trade relations by working out a method of settling debts

and claims together with the extension of financial assistance to facilitate and promote trade. Our generous offer, however, to accept a greatly reduced sum to be paid over a long period of years in settlement of debts and claims and to make available through the Export Import Bank of Washington loans of credits to American manufacturers and producers granting credits on orders placed by the Soviet Government was rejected by the Soviet Government, which found it desirable to insist on a direct inter-governmental loan. Needless to say we never did have in mind making such a loan, and we could not agree to make one. Consequently, these particular negotiations came to a standstill and have not been resumed.

That Obsolete Boxer Protocol

The Editor, *China Weekly Review*:—

I have just read that the Japanese militarists have been petitioning the Diet for appropriations to increase their North China garrisons, presumably in order to obtain concessions from Gen. Sung Cheh-yuan through military pressure. Significantly, it was added "The Boxer Protocol permits *unlimited* increase of such garrisons."

This unmistakably confirms the opinion I expressed in an open letter to *The Review* last November, that it is futile to invoke the Nine Power treaty against Japanese encroachments, *as long as the Boxer Protocol is there to virtually nullify the provisions of such treaty.*

The Boxer Protocol is obviously one of the worst *anachronisms* left in the world nowadays and it is not to the credit of the so-called "democracies of the West," that their embassies should be left in the former capital of a dead monarchy, after the Republic made its capital somewhere else—and that foreign troops should guard their respective embassies and be stationed all the way from said *abandoned capital* to the sea, under the fallacious pretext that they are "to provide egress for the foreign nationals in case of war."

I am fully aware of the fact that there are people in China who will argue that the presence of the British, French and American embassies in Peiping affords China an indirect protection against Japanese conquest. But, even if such temporary expediency has been in some measure a deterrent (which I very much doubt, in view of the inactivity both Anglo-Saxon powers during the recent Japanese intervention in the North)—it can be objected that the old game of "playing one barbarian against another" is not very much in line with the *Revolutionary Diplomacy* inaugurated by Dr. Sun Yat-sen, the only kind of diplomacy that can win for China the respect of the world as a sovereign state in the making. There is self-deception in a "laissez-faire policy" of entrusting your own defence to your supposed "good friends," who may utilize your non-resistance to make some sort of deal with your enemies at the expense of your country.

If, in order to save the province of Hopei from the fate of becoming a Nipponese dependancy, Chinese diplomacy would court Anglo-American good-will by continued toleration of these foreigners' undue privileges in the Peiping-Tientsin area, such diplomats would indeed play a fool's game, and turn the Republic into the sort of an international Protectorate that the Kuo-Min-Tang had vowed it should no longer be, with a government shorn of the prerogative of protecting foreign nationals with its own troops, as is the practice in all civilized countries.

Neither Russia, nor Germany, who have moved their embassies to Nanking, are listed as democracies. Yet their policy disclaims extra-territorial privileges, and they do not humiliate China with the stationing of troops.

As I recently wrote one of the contributors to this Review, it is impossible for us to bring the War-lords of Japan to reason, without first returning to China the concessions that *unequal treaties* have wrenched away from her before her Revolution, and giving them the example and *proof of our sincerity* in maintaining the territorial and administrative integrity of China in accordance with the Nine-Power treaty, which I am not sure we are not violating overselves.

Pretending to "safeguard" the integr ty of a country on whose soil we still maintain garrisons—just as Japan does—is manifest hypocrisy and absurdity.

The proof of the pudding is in the eating. The proof of the democracy of a government is in the support it gives abroad to the *principle of the self-determination of nations*, weak or strong alike, *versus the imperialistic domination* of the weak nations by the stronger ones.

If the so-called "democratic "administration in Washington is unwilling to pay more than lip-service to world-democracy, then perhaps a powerful third party—already looming on the American horizon—will arise, whose revolutionary policies will put an end to all that sham, recall our marines vacationing in Chinese territorial waters or idly parading in Hopei at the expense of American taxpayers, and apply the funds thus saved to badly needed social legislation at home.

No longer then will our flag follow our dollars invested in legitimate joint Sino-foreign enterprises. And China will be left alone to defend herself with her own resources, her own army and growing air-force, like *any nation worthy of the name.*

MADELEINE RICHARD SEDGWICK.

Seattle, January 25, 1936.

Guard Against Colds

By Building Up Your Resisting Power.

If you are subject to colds look to the condition of your blood, for the fact that you are constantly catching cold is a sign that the blood is in poor condition.

In order to improve your blood eat only simple wholesome food and take a course of Dr. Williams' Pink Pills, for these pills build up the blood, strengthen the nerves and tone up the whole system.

The prescription of an eminent physician, Dr. Williams' Pink Pills are famous the world over because of their health restorative value to both sexes.

If you are run down, lack appetite, suffer from insomnia, nervous weakness, back pains, rheumatism, sciatica, try a course of Dr. Williams' Pink Pills; they are one of the finest curative forces for disorders due to impoverished blood and nerve debility yet devised by medical science. Chemists everywhere can supply

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Wilson Dam Project Held Constitutional by U. S. Supreme Court

The United States Supreme Court, by a vote of eight to one, Feb. 17, ruled that the Tennessee Valley Authority was constitutional in so far as it applied to the Wilson Dam project. As the ruling delivered by the Supreme Court concerns only the Wilson Dam, the future of the New Deal's electricity yard-stick is however still clouded by legal questions.

U.S. Supreme Court Holds Newspaper Tax Unconstitutional

The U. S. Supreme Court Feb. 11 unanimously held unconstitutional the Louisiana newspaper tax imposed during the regime of the late Huey P. Long.

Chicago Publisher to Be Presidential Candidate

President Roosevelt last week formally announced his candidacy for re-election on the Democratic ticket. Col. Frank Knox, publisher of the *Chicago Daily News*, filed nomination papers Feb. 13 as candidate for the Presidency on the Republican ticket.

Rear-Admiral Land Asks for Funds to Modernize Naval Vessels

A request for authorization to modernize fourteen capital ships and construct 221,000 tons of auxiliary vessels was made Feb. 12 by Rear-Admirals Emory S. Land, Joseph K. Taussig and Ernest J. King while testifying before the Naval Affairs Committee of the United States Senate.

Murderer of Lindbergh Baby Is Once More Sentenced

The 30-day reprieve for Hauptmann, murderer of the Lindbergh baby, by the Governor of New Jersey having expired, he was re-sentenced Feb. 19 to die during the first week in April.

CAN'T EAT HIS CAKE, ETC.

—From the Newark Evening News

Second "Clipper" Trans-Pacific Flight Is Delayed

The Pan-American Airways plane *China Clipper* took off from Alameda Bay near San Francisco Feb. 13 on its second flight to Manila. After making headway of only 1,000 miles against terrific headwinds during the first nineteen hours, the *Clipper* turned back to Alameda.

Two Fliers Missing in Nippon Plane Clash

Two Japanese naval fliers are missing and two others are in a hospital as the result of a mid-air clash between two scouting planes off Sukumo City, Kochi Prefecture, Feb. 14. One of the planes was slowly gliding to its mother-ship, *Fuso*, while the other was rising off the battleship *Haruna*, as they tipped wings. The aircraft immediately catapulated into the sea, one of them disappearing without a trace. The accident occurred only 50 meters above the water.

Japanese Planes Tour Manchuria for Cold-Weather Try-Out

Six scouting planes of the Second Air Regiment in Kagamigahara, Gifu, hopped off Feb. 16 for Seoul on the first leg of their formation flight to Manchukuo and back. The flight was undertaken to test the performance of the planes in low temperatures and also to inure fliers to sub-zero weather.

British Good-Will Flyers Will Call at Shanghai

The two British Royal Air Force flyingboats which are making a goodwill flight from Singapore to Japan and back, took off from Hongkong Feb. 18 for Amoy, where they were to await the arrival of the third machine, which is held up in Manila owing to engine repairs. The planes are expected in Shanghai beginning of March. The planes' first objective was Amoy, but the first attempt proved a failure owing to fog.

Six Japanese fighting planes will fly south to Choshi to meet the visiting R.A.F. squadron, officials of the Navy Air Base at Kasumigaura announced Feb. 17.

—International News photo by courtesy of The China Press

The Final Resting Place of General Fan Hung-hsien, one of the revolutionary martyrs, in Nanking, which is nearing completion.

Increasing Export from China of Raw Material for Arms Industry

Large quantities of metals used for the manufacture of ammunition have been exported from China in the past year, especially to Japan and Germany, according to the Chinese Bureau of Foreign Trade. The export of tungsten was valued at $4,899,000. The export of antimony was valued at $7,900,000. The export of tin was valued at $20,380,000.

America Supplies Military Planes to China in Increasing Quantities

A recent dispatch from Washington to the Tokyo *Asahi* stated that America's export of arms to China made sudden gains in January, totalling $3,888,888 during January, whereas during the closing months of last year it amounted to only $28,888 or $30,000 worth of arms for month. The principal item in January was military planes, which totalled $2,790,000; this, in addition to machine guns, automatic guns, hand-granades, airplane parts, etc.

"Opium is China's Greatest Problem"—General Chiang

Declaring that the opium evil within constitutes a greater menace to China's solidarity than aggression from without, General Chiang Kai-shek, president of the Executive Yuan and concurrently Director-General of Opium Suppression, made a stirring appeal to the whole nation to lend wholehearted assistance to the movement for the suppression of opium.

Speaking before the first general meeting of the Directorate-General of Opium Suppression which was opened in Nanking on February 1 and closed Feb. 6, the Generalissimo emphasized that in order to bring ultimate success to this branch of work, two general misconceptions must first be corrected.

The first misconception is that due to the deep-rooted habits of opium smokers, the task of complete suppression of opium is not only an impossibility but too difficult for the people to tackle under existing conditions.

It is exactly due to this fallacy in thinking, General Chiang averred, that the leaders of this movement usually start their crusade with unusual zeal and enthusiasm but gradually give up hope and slacken in their efforts.

This psychological admission of defeat, according to General Chiang, mainly accounted for the small amount of achievements made in opium suppression work in this country for the past few years. To attain a greater degree of success, General Chiang admonished, they should first acquire self-confidence that this problem is not entirely beyond human efforts to solve.

Second Misconception

The second common misconception, General Chiang pointed out, is that the people generally entertain the thought that the greatest menace to the nation to-day is foreign aggression and that the opium evil is of secondary importance among the nation's problems.

As a matter of fact, the Generalissimo stated, the opium evil constitutes a greater menace to the nation than foreign aggression, because the former leads to self-degeneration and self-suicide whereas the latter is invited by internal dissension, weakness and degeneration.

The question, the Generalissimo proceeded, boils down to the point that the task of national salvation must start with positive internal reconstruction. However, on account of the limitations in finance and personnel, the National Government has been carrying on a programme of negative reconstruction by first eliminating the causes for national degeneration.

In this light, the Generalissimo continued, opium suppression naturally comes under this heading as the first problem which requires fundamental solution, because without mass vitality all national reconstruction measures can never achieve the maximum results.

Most of the opium suppression organs have hitherto remained no more than institutions for paper talk, the first common fallacy in thinking that the problem is impossible of solution by human efforts.

The Final Test

The inauguration of the Directorate-General of Opium Suppression, therefore, means the final test for China's efforts along this line, in the opinion of General Chiang. It serves also as a test whether the Chinese can carry out to the letter what they pledge themselves to do.

A problem of such magnitude, naturally, can not be entirely satisfactorily solved by the efforts of the Central government alone; it needs the whole-hearted support of the various provincial and municipal governments, and most important of all, the assistance of the entire people.

So far as the National Government is concerned, the Generalissimo said, the idea is no longer entertained to refurbish the national treasury by means of taxation on opium.

Neither did General Chiang suspect that the various regional governments have been harboring the desire to continue toleration of opium smoking so as to increase their taxes. But General Chiang pointed out that the various regional governments have not so far made any concrete measures for the complete suppression of opium.

Therefore, the main work of the Directorate-General of Opium Suppression, in the opinion of General Chiang, will be to direct and encourage the various provincial authorities in carrying out this branch of work, especially the several frontier provinces.

The Generalissimo did not omit the fact that Kiangsu and Chekiang Provinces have made the most progress in opium suppression. In the various Yangtze provinces, General Chiang added, the poppy plantation areas have also been greatly reduced during the past few years. Even in Szechuen, General Chiang reported, the area for poppy growing has now been reduced from more than 40 hsiens to only ten.

These meagre achievements—meagre in the sense of the crying needs of the hour—must not only be maintained, but should be

(*Continued on page 432*)

CUSTOMS NOTIFICATION No. 1496

With reference to Customs Notification No. 1483: covering a set of regulations governing the method of application for Huchao to cover movements of silver dollars and other forms of silver and the penalties to be imposed on smugglers of silver;

the public is hereby notified that the Government have now extended for three months the time limit within which silver may be exchanged for legal tender notes, and have further issued the following regulations, which have been drawn up for the convenience of passengers travelling by vessels trading at Chinese ports, and which are to remain in effect until the expiry of the above extended time limit, *i. e.*, up till and including the 3rd May, 1936, viz.:—

(1) Silver dollars tendered in payment of passage tickets in coastal ports are to be retained in safekeeping by the branch office or agency of the shipping company, to whom any further silver dollars carried by passengers embarking at such ports are to be handed over in exchange for legal tender notes, it being forbidden to take any silver dollars on board such vessels. Infringement of this rule shall be treated as smuggling. Silver dollars thus received by the branch office or agency of the shipping company in payment of passage tickets, or in exchange for legal tender notes, shall be sent daily to an exchange organ for exchange into legal tender notes.

(2) Passengers embarking on vessels at ports in the interior (as opposed to coastal ports) where legal tender notes are not in circulation may pay (on board the vessel) for their passage tickets in silver dollars, and must at the same time hand over to the ship's accountant, in exchange for legal tender notes, all additional silver dollars they are carryng. On arrival at the first open port the ship's accountant is to prepare a statement showing separately the amount of silver dollars thus received in payment of passage tickets and the amount received in exchange for legal tender notes, which is to be verified and endorsed by the Customs officers. The silver in question, together with the foregoing statement, is then to be surrendered to the local agent of the shipping company for exchange into legal tender notes. Should it be discovered that the accountant or other employee of the shipping company has attempted to smuggle silver, or to collect and sell silver at a profit, severe punishment shall be inflicted.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 12th February, 1936.

Japanese War Office Asks for Increased Appropriations

PRESENTING to the Ministry of Finance Feb. 17 a working budget for the 1936-37 fiscal year and additional estimates, the Japanese War Office asked for an increase of about Yen 1,500,000 over the sum it had orginally submitted for inclusion in the recent Appropriations Bill.

The measure was never passed by the Diet as the Government dissolved the Lower House on Jan. 21, a few hours after it had been reconvened after the New Year's recess. Under the increased demands, Army expenditures will total about Yen 509,000,000.

In addition, the War Office is reported to be planning to ask the extraordinary session of the Diet, which will be convened between April 10 and 20, to approve an additional estimate for funds required to strengthen the Japanese forces in North China. This, it is expected, will amount to about Yen 3,000,000.

Under the scheme, the present force of 1,900 officers and men in North China would be doubled.

German-Japanese Titan-White Factory to Be Established in Japan

The Tokyo *Jiji* says that formal arrangements for the establishment of a company for the production of titan-white between the Kokusan Industry Company and the German I.G. Company are being made by an I. G. representative, who is now back in Germany, with the head office of the German company. All procedures are expected to be concluded by the end of February and a German-Japanese joint titan company is to be established.

The company is to be capitalized at Yen 1,500,000 (all paid up). The I.G. is to invest its titan manufacturing patent rights (worth about Yen 500,000) and Yen 100,000 in cash. The remaining Yen 900,000 is to be invested by the Kokusan Industry. It is planned that a factory be built in Ube.

Titan white is used as the raw material for face powder, paint graying of rayon and for other purposes, but especially as it i, regarded as being used considerably in the munitions industrys the appearance of the new company is watched with interest.

The construction of the new factory is expected to be started in April or May this year and operation begun in July or August.

New Crisis For Japanese Silk—Cocoon Shortage Feared

The sericultulitural industry in Japan is again depressed. Owing to the rise in cocoon prices and the fall in silk prices, filatures find it extremely difficult to do business on a paying basis, while cocoon raisers are now alarmed about the damage done by the reeent cold snap to their mulberry trees.

Lancashire Decides to Force Textile Battle Against Japan

The Tokyo *Nichi Nichi* of Feb. 2 printed a report which had just reached the Tokyo Foreign Office from London to the effect that the Lancashire Spinning Association had approved a measure to readjust the 10,000,000 spindles of the surplus weaving machines. The readjustment plan provides that the purchasing price of the old spindle is five shillings, and since 10,000,000 spindles are to be abolished, a total of £2,500,000 is necessary to be raised through flotation of a loan. Since the old spindle can be sold for one shilling, the actual amount to be required will be £2,000,000. (The old spindles are to be scrapped). The terms of the loan are to be: 15-year redemption, and £180,000 including principal and interest to be paid annually.

The *Nichi Nichi* commented:—"Britain's present total number of spindles is 42,000,000, and the coming scrapping plan will dispose of about one-fourth of the present number. The plan represents an important recovery measure for the British spinning industry, and it is not difficult to foresee that sooner or later the British cotton spinning industry will have added competing power with Japan and make an international advance."

The Tokyo *Jiji* of Feb. 2 commented: "While the British cotton spinning industry is desperately engaged in its recovery effort the British efforts to check the advance of Japanese-made cotton cloth in British colonies through the enforcement of import quotas are more obstinate. In view of the fact that Britain has indulged in such injustice and unreasonableness as to drive 40,000,000 yards of Japanese cotton cloth from British colonies and replace it with only 7,000,000 yards of her own cotton cloth, the Japanese Foreign Office authorities have decided to urge Britain to reconsider her attitude and open strict negotiations with the British Government to correct the situation, after making full arrangements with Tsuneo Matsudaira, Japanese Ambassador to London, who is leaving for London shortly to resume his duties there, and Commercial Counsellor Mr. Matsuyama in London. Foreign Office authorities in Tokyo believe that Japan's attitude following the rupture of the Anglo-Japanese trade parley should be clarified at this time."

Japan-Brazil Cotton Processing Firm Formed

Hachisaburo Hirao, president of the Kawasaki Dockyards and head of the Japanese Economic Mission to Brazil last year, was elected president of the Japan-Brazil Raw Cotton Company at the firm's inaugural meeting in Osaka, Feb. 15. The new company is capitalized at Yen 2,000,000 and proposes to process cotton in Brazil for shipment to Osaka mills.

Japan to Utilize Olympics to Promote Tourist Trade

"Japan will utilize the Eleventh Olympiad to be held in Berlin this summer to advertise her charms."—*Domei* message from Tokyo, Feb. 14.

Japanese Militarists Seek "Unified" Policy in China

The "vital need" for a common policy towards China on the part of the Foreign, War and Navy Offices was emphasized by Rear-Admiral Seiichi Iwamura, chief of staff of the Third Fleet in China waters, in his report to high officials of the Navy Ministry, in Tokyo Feb. 14. Rear-Admiral Iwamura's suggestions, included the emphasis on the need for a unified China policy, because of the allegedly unfavorable consequences of independent negotiations between the Chinese authorities and various Japanese organs in China.

Mount Asama Erupts—Damage to Crops Caused

Considerable damage to crops in the Maebashi area was caused as a thick blanket of volcanic ashes which had been emitted by Mount Asama, active volcano 75 miles north east of Tokyo, settled Feb. 15. The mountain belched forth dense smoke as it erupted. The ashes, borne by a high wind, were scattered over a vast territory.

Hirota Expects Settlement of Border Disputes

Koki Hirota, Japanese Foreign Minister, told his colleagues at the regular session of the Cabinet Feb. 14 that he expected an amicable settlement of the Soviet-Manchukuo disputes, though the path to the settlement "may possibly not be smooth sailing."

Reports received from Mukden said that Lu Jung-huan, Manchukuo's Home Minister, who in 1924 signed the Sino-Soviet agreement in Mukden on behalf of China, declared that the agreement explicitly provided for the demarcation of the frontier through a joint frontier commission. He, according to the report, strongly denied the Soviet contention that the frontier was already definitely demarcated.

Lieut.-Col. Aizawa Trial Continues

The blood-stained tunic of Lieut.-Gen. Tetsuzan Nagata, Director of the War Ministry's Military Affairs Bureau, showing the fatal stabs made with a military sword by Lieut.-Col. Saburo Aizawa was exhibited at the trial of the assassin in Tokyo Feb. 14.

Gaimusho To Seek End of Fishery Dispute

In an effort to remove a major obstacle to Soviet-Japanese amity, the Tokyo Foreign Office is expected soon issue a new set of instructions to Tameikichi Ohta, Ambassador to Moscow, designed to break the deadlock in the negotiations on the revision of the Fisheries Treaty.

Thirty-two Candidates Jailed for Election Frauds

Thirty-two Japanese candidates registered in the current election were under arrest Feb. 19 on charges of violating election laws.

Extrality Abolition in Manchukuo Involves Economic Adjustments

THE Tokyo *Hochi* Feb. 2 stated that Kunimichi Hara, chief of the Osaka Tax Supervision Bureau will be appointed financial adviser to the Kwantung Army. Simultaneously with his appointment various outstanding economic issues between Japan and Manchukuo are expected to show new development.

As a preliminary work for abolition of extra-territoriality in Manchukuo, the Manchukuo Government will enforce the Industrial Law on July 1936, to be followed by actual abolition of extra-territoriality in October, 1937. Through enforcement of the Industrial Law, the banks and companies of Japanese capital would receive the treatment of foreign companies. Because the Bank of Chosen, Yokohama Specie Bank and other banks of Japan would be subjected to the law, there are various matters requiring negotiation between Japan and Manchukuo:—

1.—In order to equalize the tax burdens of the Japanese and Manchukuoans and in order to assure justice and fairness in administrative supervision rights, further detailed linking and cooperation is required between the two governments.

2. In case the Manchukuo Banking Law is to be applied to the branches in Manchukuo of the Japanese banks, some exceptions in enforcement of the law are necessary in order to make Manchurian investments work smoothly.

3.—The question of imposing a tax on the S.M.R. and other Japanese juridical persons having their business headquarters in the Kwantung Leased Territory will arrive. Because more than 68 per cent of the so-called Japanese companies in Manchuria have their headquarters in the Kwantung Leased Territory, it is required that the administrative rights in the railway zones and the Kwantung Leased Territory should be made of a single unit. It is expected that in view of the nature of its enterprises the South Manchuria Railway Company will be asked to bear financial burdens for Manchukuo through creation of the system of payments to the Manchukuo Government.

German-Manchukuo Commercial Agreement in Sight

The Tokyo *Nichi Nichi* of Feb. 1 printed a telegram from Hsinking to the effect that the negotiations now going on between the representatives of Germany and Manchukuo in Tokyo for the conclusion of a commercial agreement governing German-Manchukuo trade relations have progressed beyond expectations owing to the earnest attitudes of both countries and the good offices of the Japanese Foreign Office.

It is stated that the agreement will provide purchase annually of Yen 1,000,000 of Manchurian soya bean by Germany in return for which Manchukuo will buy machinery from Germany to an amount one fourth of Germany's buying. Also in order to establish and develop smooth trade relations between the two countries, trade representatives will be exchanged to be stationed at Berlin and Hsinking.

Plans on Foot for Constructing Railway Along Yalu River

Plans for the construction of a railway line to traverse the eastern border area of Manchuria have recently taken concrete shape. This line is intended to start from Antung, go along the western bank of the Yalu River and join the Mukden-Kirin line at Hailung via Kuansun and Huanjen, covering a distance of 413 kilometres. In order to bring the plan to realization, a railway construction league has been organized among the Japanese and Manchurian merchants in Antung and a movement started to interest the Kwantung Army and Manchukuo. The general railway affairs bureau of the S.M.R. has invited 11 experts from Japan for the mineral research required for determining the mining prospects along the projected railway line. Yosuke Matsuoka, president of the S.M.R., as the result of consultations with influential people of the area, has also decided to take a hand in the enterprise.

It has been decided in this connection that a private company be first established to run the projected railway, the S.M.R. subsidizing it for a certain period and buying it within a period of 20 to 35 years. The cost of construction is placed at Yen 35,000,000 and the total expenditure at Yen 50,000,000 which is to be raised by investment of Japanese capitalists.

Besides general agricultural products, the prospective railway zone is noted for Japanese oak silkworms, carrots, tobacco, etc. Also several hundred mining districts have been discovered or developed by test boring for the mining of gold, silver, copper iron, copper, coal, asbestos, etc.

Manchukuo's Trade Shows Decline

Manchukuo's foreign trade for 1935 totalled $1,025,227,112, with the exports amounting to $421,077,753 and the imports reaching $604,149,359 the Finance Ministry announced this week. The unfavorable balance reached $183,071,606, or nearly $40,000,000 more than the amount for 1934. The total trade for 1935 was about $16,761,000 below the figure for the preceding year.

Another Coal Deposit Is Found in Manchuria

The Manchurian Mining Development Company, which has been endeavoring to develop the mining resources of Manchuria since its inception, has recently discovered a vast deposit of iron of excellent quality near Chiaotou station on the Antung-Mukden railway line (16 kilometres south of Penchiho).

According to the report of Mr. Scheinhitte, German engineer, who inspected the spot on the request of the Manhcukuo Government, to the Department of Industry the amount of deposit is estimated at several hundred million metric tons, the ore having an iron content of 40 per cent with little mixture of sulphur and of excellent quality.

The Manchukuo Government intends to have the Manchurian Mining Development Company mine this ore, which, unlike the usual poor ore with small iron content necessitating special smelting processes as is the kind used by the Showa Iron Works, dispenses with all special treatment. When fully developed, the mine, together with Anshan and Penchiho, will form one of the three heavy industry centers, thereby perfecting at last the self-supply and self-sufficiency in iron long sought by Japan and Manchukuo.

Flow of Chinese to Manchuria Is Decreasing

The number of Chinese people going to Manchuria from China has considerably decreased, according to official statistics. Strict restrictions imposed by the Manchukuo authorities on persons seeking entry into the Northeastern Provinces was believed to have been responsible. Only 3,400 persons passed through Shanhaikwan for Manchuria during January, as compared with 22,000 for the corresponding month last year.

Alleged Soviet Spies Nabbed in Manchukuo

Six Manchukuo subjects, charged with espionage on behalf of the Soviets, were placed on trial in Harbin this week. Pai Tien-chi, alleged ring-leader, was seized with five of his purported accomplices in Poli-hsien in northeastern Kirin Province, together with a wireless sending and receiving set. Another arrest was later made at Linkou, also in Poli-hsien.

Captors of Catholic Missionaries Located

Japanese gendarmerie officers Feb. 14 located the group of bandits who on Feb. 4 kidnapped the Rev. Father Joseph Burns of Maryknoll Mission at Tunghua in Kirin Province.

In the United States Court for China

MANUEL NER PANGANIBAN, Plaintiff, vs. CONSORCIA BELTRAN PANGANIBAN, Defendant.	Cause No. 4018 Civil No. 1910 Filed at Shanghai, China, February 11, 1936 William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

ORDER

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS the plaintiff herein by his attorneys on the 10th day of February, 1936, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 11th day of February, 1936, the summons for the defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 10th day of February, 1936, Manuel Ner Panganiban filed an affidavit to the effect that the defendant herein was not residing in the Republic of China;

NOW, THEREFORE, it is this 11th day of February, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the Defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 2nd day of March, 1936, the day for the last publication of the Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT

MILTON J. HELMICK,
Judge.
United States Court for China.

CUSTOMS NOTIFICATION No. 1497

With reference to Customs Notification No. 1488:

notifying an amendment to the regulations governing the movement of saltpetre, sulphur and similar explosive materials;

the public is now informed that the heading "Carbides" has been deleted from the list given therein and "Acetylides" substituted.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 14th February, 1936.

Toward a Responsible Government in China

BY C. Y. HSIEH

THE Chinese government has been criticized too often and on too many scores, perhaps, to need a fresh indictment. At its door, it is true, are laid the charges of nepotism, corruption, inefficiency, bureaucracy, and what weakness the casual observer may think of as being the most fatal. Of many of these it has undoubtedly to plead guilty, but it is by no means alone in this position. For no government can be absolutely free from political favoritism of one sort or another; nor do corrupt practices thrive exclusively in a particular clime or among a particular people. The charge of inefficient and bureaucratic administration is also a relative one which can be as readily, though in a different degree, preferred against any other government. Even the fact that the Chinese government has suffered from these defects to a greater extent than most others is not damning after all.

The crowning disaster, however, which has totally deprived the Chinese government of its redeeming features, if any, is that it is above all things an irresponsible regime. This it is that eats up the sap and vitals of China's body politic and this it is that threatens her future national life. For the Chinese can tolerate and survive more political abuses than any other people; but left without a responsible leadership, they will go down soon enough in collapse, as contemporary history has been unfolding. The fault with them—if fault it be—is, they are too good to ask of their rulers that if their taxes cannot be reduced or the restrictions upon their freedom removed, the supreme trust of their political destiny at least should not be betrayed. Actually it seemed as if they have paid their taxes, however heavy and exhorbitant, and submitted to restrictions, however irksome and unreasonable, all in order to get betrayed!

That this should be the order of the day under the republic is understandable though somewhat strange. The plain fact is that Chinese officialdom has lost almost completely such stirling qualities as loyalty to the nation, as embodied in the Emperor, and devotion to official duties which, put to test in times of crisis during the past, has seldom been found wanting. On the other hand, it has not yet learned to embrace modern Western ideals of public life. Take, for instance, the sense if honor among men in public affairs. Under the Manchu Dynasty, it happened not infrequently that a minister staked his life for the fulfilment of what he considered as his supreme duty to the throne, or an unsuccessful defender of national territory against foreign invasion gamely did himself and his imperial master justice by taking a heroic, though to some foolhardy, course—suicide. Yes, the mandarinate was ignorant, incompetent, corrupt or call it what you may; but to it belongs the credit for some golden deeds which leave the present generation yearning for lost virtues and reflect adversely on the character of civil and military leaders of today. For these latter are men who are little bothered by their consciences, to whom the idea of responsibility is entirely foreign.

But why is it that this idea of responsible government has not taken root under the republic?

In the first place, it may be explained by the fact that the transfer of administrative power does not follow any definite pattern of political succession. Until the appointment of Wang Ching-wei, in 1931, as President of the Executive Yuan, there was nothing to suggest that a civilian could head a government, and this largely by virtue of his erstwhile position as opposition leader. Yet the precise significance of this event in our constitutional development remains to be seen. As we are still being ruled in the name of democracy by party dictatorship in fact, a responsible government modelled after the Western European democracies would be in any case out of the question. On the other hand, the possibility of a government responsible in broad outline to popular wishes and public opinion brought to bear on the party in power should not be completely ruled out.

Then there is the loose, cumbersome committee system of government which the National Revolutionaries copied from the Soviets in the heyday of radical ideology, but which has since proved as inadequate as it is uneconomical. By far the worst feature of this system is that it obscures the seat of responsibility, thereby killing initiative and stifling the sense of official duty.

Another factor militating against a responsible government is the effects of nepotism and the spoils system. Being as much an economic as a political problem, this creates a situation where the wrong men get jobs of which they have neither the capacity nor the intention to discharge the duties. It seemed curious that the present state of national emergency, instead of favoring a political house cleaning, has tended to promote the race after official positions. For under the watchword of "unity to face crisis" many sinecure posts have been especially created to place those whose zeal for public service is more verbal than real, and whose only worth is that once "in", they would no longer harass a regime already hard pressed.

The fourth cause for the absence of responsible administration lies in unscientific and unsystematic methods. It will be conceded that the Government may have had the intention to give the nation an account of itself on certain aspects of its rule, but that its inability to employ scientific and systematic means may have held it back. In financial administration in particular, the need for such methods cannot be exaggerated.

The last but not least unfavorable factor is the lack of honest and courageous leadership. The highest ruling authority of the land is not bound to hold himself accountable for the success or failure of his regime. True, his rule is subject to the supervision of the party, but what is the party after all if not the handful of powerful persons—including the chief boss of course—who put on the show? It would be as refreshing as it is rare, then, if some such leader should step forward and say "Now that I am running the government, I and with me the party will take the blame for anything which may go wrong." This sort of pronouncement would be none the less valuable for being made gratuitously.

While these obstacles appear rather difficult to remove, it is gratifying to note that the new cabinet under General Chiang Kai-shek has cleared a good part of them. His return to the presidency of the Executive Yuan was generally regarded as having been brought about by a shift of party confidence. The fact that he happens at the moment to be the nation's highest military leader need not detract from the meaning of the recent smooth political succession—an event that may exercise a healthy constitutional influence. Simultaneously with his election, the substitution of chairmanship for the committee system in the party mechanism cannot but help define that same responsibility of which his tenure as the Executive Yuan head is meant to be a major portion. It is also to the credit of the new government that it has given merit a greater consideration than ever before, as shown in the inclusion in it of some outstanding intellectual as well as business and industrial leaders. That such a line-up would be conducive to the cultivation of administrative efficiency and public trust may be taken for granted. And if General Chiang's repeated public statements mean anything, it is that he has pledged his regime to be above all things a responsible one. This is the first time that the highest ruling authority has clearly undertaken a moral obligation to stand vindicated or condemned by the record of his administration. In this land where, more than any where else, good faith and prestige go together, such a moral undertaking certainly merits something above ordinary consideration.

Marshal Chang Hsueh-liang Visits Hankow en Route to Sian

BY THE REVIEW'S HANKOW CORRESPONDENT

MARSHAL Chang Hsueh-liang, Deputy Commander-in-Chief of the North-western Forces, paid a flying visit to Hankow and Wuchang en route to Sian from Nanking. Arriving in his Boeing plane on the 15th, the Young Marshal was received by the leading military officials of the province, General Ho Cheng-chun, Pacification Commissioner, General Yang Yun-tai, Chairman of Hupeh Provincial government, and General Chen Chi-cheng, Wuhan Garrison Commander, among others. He was entertained at dinner by Governor Yang Yun-tai in the Provincial Government buildings. There were many matters of importance discussed by the leaders, after which the Young Marshal left by his private plane for Sian, at 2:30 p.m.

Young Marshal Modernizing Sian

In less than a year the Young Marshal has introduced many modern innovations in the life of the Sian community. Several modern buildings have been erected to house his headquarters and members of his staff. He seems determined to dig in and find some outlet for his plans to improve China. There seems to be free scope for his imagination in the Northwest where so little has been done, comparatively speaking. That the Marshal is making a definite contribution to the life of the area he is responsible for, is evident to those who watch his latest movements. In Nanking and Shanghai he no doubt has been in touch with men of influence and with high government officials, seeking to find a solution to the grave problems now confronting China. That something concrete has been decided upon is evidenced by the fact that most of the leaders who went to Nanking have now returned to their respective places of activity, to resume the heavy task of seeing China through the crisis.

Sian-Chengtu Highway Nearing Completion

One of the outstanding improvements fostered by the new regime in Sian and by the Shensi and Szechwan provincial authorities, is the building of public highways able to maintain motorbus traffic. The new Sian-Chengtu Highway, linking the provincial capitals of Shensi and Szechwan, will be opened to traffic during the week of Feb. 16-23. Along this route new motorbuses will be put into service soon after the formal opening. This route should be of great military value, aside from its commerical and social benefits.

Lunghai Railway May Be Extended From Sian to Lanchow

After a rather extensive investigation of the possibilities of an extension of the Lunghai Railway from Sian, the present terminus on the west to Lanchow provincial capital of Kansu, Messrs. Lin Ying-yun and Li Liang-kung reported to the Ministry of Rail-

Who's Who in China

李擇一
Li Tse-i

Li Tse-i, Government official; native of Fukien; educated in Japan; counsellor, Peiping Political Council, 1933, and concurrently diplomatic adviser, Fukien Provincial Government, 1934, which latter post he still holds; assisted in negotiations with Japanese for arranging the Tangku Truce; address: Fukien Provincial Government, Foochow, Fukien.

李擇一，籍福建，留學日本，一九三三年至三五年任行政院北平政務整理委員會參議，協助與日本交涉事宜並參預訂立塘沽協定，一九三四年兼任福建省政府外交顧問，現任斯職。通訊處，福建福州，福建省政府。

ways that the plan was feasible. Instead of running paralle, with the Sian-Lanchow Highway, the proposed railway will run farther south passing through very fertile country. The projected line will, however, have to contend with some rather difficult engineering problems. Three topographical difficulties are: The Weiho River Gorges between Paochi and Chinchow, and the passage of two watersheds formed by the Liupanshan between Weiyuan and Titao and Titao and Lanchow.

Such a railway would be of inestimable value for the Northwest, and would bring the products of the provinces of Shensi and Kansu in direct touch with the Lunghai railway terminus, Haichow, on the Pacific seaboard. Lanchow, the commercial center of Kansu, each year imports about $10,000,000 worth of merchandize and exports about $7,000,000.

It is proposed to extend the railway through Lintao, Tienshui, and then on to Lanchow. In this way trade in the area will be stimulated. Tienshui is famous for its rugs, timber, and bamboo articles. Lintao is the most important communication center in Kansu. Moreover, the tea of Tzuyang has a fine reputation, and the varnish of Ankang is of very high quality. Besides, Kansu industries are developing apace: Leather, pottery, woolen articles, indigo, paper, candles, heading the list.

Ho Lung, Red Leader, Enters Yunnan from Kweichow

The Reds being hard pressed by the combined efforts of the Kweichow and Hunan provincial troops, deeming discretion to be the better part of valor, have decided that for the time being the best thing for them to do is to flee to virgin territory.

General Ku Chu-tung, Director of the Provisional Headquarters of the President of the Military Affairs Commission, informed his fellow-citizens that the Reds are very poorly equipped and that the remnants that remain will have a hard time of it. It is reported that on the 9th of Feb. the Reds evacuated the city of Chiensi, 55 miles to the northwest of Kweiyang. During the skirmishes of the last two days, Feb. 10 and 11th, government troops have seized many hundred rifles, and captured several hundred Red soldiers. The general in charge of the Red situation claims that it will only be a matter of time till all the Reds will have been dispersed. The main reason for this is the fact that the Reds have lost their driving force, the general claims, and have been compelled by circumstances to make use of very inferior arms. Time only will tell whether his prophecy is true or not. Ho Lung seems to have more lives than a cat.

On the 9th of Feb. the Reds crossed over from Kweichow to Yunnan Province. Entering Tating on the 5th, they took Pinchieh three days later. At present they are threatening Chaotung, 15 miles from the frontier.

Szechwan Starting Active Campaign Vs. Reds

General Liu Hsiang, chairman of the Szechwan provincial government, has inaugurated a new campaign against the Reds in the western part of his province. According to latest reports he is fighting hard and three columns simultaneously have been engaging the enemies, one column covering the Chiunglai-Mingshan line, one the Yingching line (on the Szechwan-Sikong border), and the third the Yangchiaping-Hsienfengshan line. The Reds are fleeing toward Sikong.

Hankow, Feb. 17th, 1936.

In the United States Court for China

In re. Estate of HARRY PALLESEN, Deceased

Cause No. 4013
Special Proceedings No. 1048
NOTICE
Filed at Shanghai, China, January 29, 1936.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HARRY PALLESEN, deceased, to present the same with vouchers to the undersigned on or before August 8, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. A. Reed, Administrator,
c/o Clerk U. S. Court for China,
Shanghai, China.

Shanghai, China.

In the United States Court for China

In re. Estate of J. M. HERRMANN, Deceased

Cause No. 4019
Special Proceedings No. 1051
NOTICE
Filed at Shanghai, China, February 11, 1936
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of J. M. HERRMANN, deceased, to present the same with vouchers to the undersigned on or before September 7, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

ROY G. ALLMAN,
Hamilton House,
Shanghai.

Shanghai, China.
February 11, 1936.

Men and Events

Miss Mary Knight, *United Press* feature writer, after spending a week in Shanghai, flew to Peiping Feb. 18, *en route* to Paris from the United States.

J. A. Coughlin this week succeded B. L. Gabbott as general manager of the Willow Pattern (Millington) Press. Mr. Gabbott will shortly retire to England.

A fire in the Chinese city of Tientsin during the night of Feb 13 razed to the ground a large area of hutments for the poor and claimed the lives of 150 persons of all ages.

Dr. Wang Chung-hui, Chinese Judge on the Permanent Court of International Justice, who recently resigned his position at The Hague, is expected to arrive in Hongkong on February 27.

Hachiro Arita, new Japanese Ambassador to China, will reside in Nanking instead of in Shanghai. Mr. Arita is due here on Feb. 26 and is expected to proceed to Nanking soon afterwards to present his credentials.

J. B. Powell, editor and publisher of *The China Weekly Review*, and correspondent of the *Chicago Tribune*, is expected back in Shanghai end of this week after having been stationed in North China for two months.

After over a fortnight's suspension, the China Merchants Stock Exchange in Shanghai was re-opened this week. An order authorizing the resumption of trading was issued by the Ministry of Finance to the Exchange Feb. 16.

R. C. Chen, Sub-Manager of the Foreign Department of the Bank of China, sailed for Singapore this week to make arrangements for the opening of a branch of the bank there. He will return to Shanghai after three months.

J. Garland Ogden, son of a New Orleans official, was held in Shanghai several days on a charge of using the United States mails to defraud, and then put on board the s.s. *President McKinley*, for the United States, where he will be tried.

The annual meeting of the Shanghai American Chamber of Commerce was scheduled to be held at the American Club, Feb. 21. A. Bland Calder and C. H. French made speeches on "America and Prospects for American Business in China."

The Chinese police last week arrested a Chinese named Pan Lien-san, employed in the weaving-department of the Kung Dah Cotton Mill, and suspected to be a Communist. He was taken to the Yingziangkiang Station of the Shanghai Bureau of Public Safety.

H. K. Campbell, British rural credit expert from the League of Nations, who had been on a visit to Nanchang, left there Feb. 16 for Linchuan, Nancheng and Ningtu, in central and southern Kiangsi, to inspect the progress of the rural cooperative enterprises.

The Chinese Economic Mission to Siam, scheduled to start out early this spring, will most likely have to postpone its departure again on account of incomplete preparations, according to a statement made during this week by K. H. Ling, vice-chairman of mission.

General Iwane Matsui, former Commander-in-chief of the Formosan Garrison, who late last year visited North China, passed through Formosa end of last week and later arrived at Foochow, Fukien Province, in the course of an inspection tour of South China.

R. E. Thompson, arrested in Shanghai three weeks ago on request of High Commissioner Frank Murphy of the Philippines, on charges of embezzlement, was taken aboard the *President Grant* Feb. 19 by Arcadiory Laperal, Filipino official, for return to Manila to stand trial.

PHILOLOGICAL NOTE:—A sign frequently seen on English highways reads: "Bear right ahead." It has no reference to an animal. It is "English" for the American equivalent, "Right turn ahead." The word "bear" is used as a verb, in the sense of moving in a certain direction.

Carlos Alberto d'Encarnacao, Portuguese bookkeeper who recently disappeared from the office of his employers, the Hankow branch of H. E. Arnhold and Company, is being sought on a charge of misappropriating more than $100,000 and possibly as much as $300,000.

Charles Julian, formerly of RCV-Victor in China, Feb. 18 formally took over the Managing-Directorship of the American Radio and Refrigeration Company (Philco), in Shanghai in succession to E.A.L. Best, who has disposed of his interest in the concern and left the service of the company,

The engagement of Miss Chow Wen-chi, daughter of Dr. P. T. Chow, general manager of the Great China Dispensary, Ltd., and Mrs. Chow, to Feng Cho-chang, a judge of the Chekiang District Court, was recently announced. Miss Chow is the first judge of her sex ever appointed in Chekiang Province. She presided over the courts in the Huang-yen and Ningpo districts and at present serves as a judge in the Chekiang District Court.

Dr. and Mrs. Robest E. Lewis will depart next week for the United States. Their address will be 3270 East Overlook Road, Cleveland, Ohio.

An Exhibition of Soviet Graphic Art is being held from Feb. 20 to 26, daily from 9 a.m. to 7 p.m., in the East Hall of the Chinese Y.M.C.A. at 123 Boulevard de Montigny, Shanghai.

Direct wireless service between Tientsin and Tokyo is envisaged by the Ministry of Communications, which will shortly install a powerful three-kilometer transmitter.

Ting Yu-ting, an inveterate opium user, was executed publicly in Tsingtao, Feb. 19. More than two hundred opium users, at present under detention, were made to witness the execution.

J. H. Thomas, British Secretary of State for the Colonies, stated that the British Government is not considering handing over British colonies or mandates to a foreign power as a subject of barter, nor is it returning former German colonies to the German Government.

Announcement was made Feb. 9 by Cornell S. Franklin, president of the board of trustees of the Foreign Y.M.C.A. in Shanghai, that George Fitch, general secrteray of said institution for nine years, is returning to membership on the National Committee and will terminate his services as general secretary.

News was received in Shanghai this week that Dr. J. C. McCracken, Dean of the Medical School of St. John's University of this city, has had conferred on him by his alma mater, Pennsylvania University, the alumni award of merit. He was one of twelve out of some 50,000 alumni to receive this honor.

Because, by transferring its Girls' High School from Scott Road to Ouyang and Chijang Roads in Chinese territory, the Japanese Residents' Corportation has ceased paying a $18,000 house tax to the Shanghai Foreign Municipal Council, the latter is refusing to grant the institution an annual grant-in-aid, the Shanghai *Nichi Nichi* reports.

The four newly-established chambers of the Supreme Court at Nanking commenced functioning last week. One is presided over by Chiao I-tang, President of the Supreme Court, while Sun Hsing-kang, Chief Procurator of the Metropolitan Court, has been promoted Presiding Judge of another. Sun Wei succeeds Sun Hsing-kang at the Metropolitan Court.

Tang Chi-shan, prominent Chinese tea merchant, is being sued by Miss Chang Chih-yun, former popular film star and now a singer in a theatrical troup. The actress is asking $200,000 in accordance with the terms of her separation from Mr. Tang. Mr. Tang was the husband of the late Miss Yuan Ling-yu, Chinese actress, who committed suicide by swallowing an overdose of sleeping drug last year.

In view of the considerable number of counterfeit nickel coins that have already appeared on the local market, the Shanghai Mint Feb. 17 issued a statement explaining how the public might be able to recognize the false pieces, the principal point being that the counterfeits, being cast, do not have the sharp, clear edges of the genuine coins, which are stamped under heavy pressure.

An American agent visited London last week to ascertain the possibility of transferring the International Exhibition of Chinese Art to New York, but so far the matter is undecided. Recent advices from London stated that despite appeals to Burlington House to extend the period, the exhibition will come to a close on March 7, as the premises will be required for the Royal Academy show. At the end of the twelfth week, the number of persons who visited the exhibition approached the 300,000 mark.

The unusual spectacle was witnessed last week at two cotton mills operated in Shanghai by the Japan-China Company, of 2,800 workers of both sexes going on a go-slow strike because they objected to the dismissal of the Japanese (Mr. Kokumbi) who previously was at the head of the personnel department of the mills. The management, however, remained adamant and Mr. Kokumbi has in the meantime returned to Japan. The strikers held out for four days and then resumed work, despite the fact that the management had dismissed their 25 alleged leaders.

Raven and Brown Put on Ship Bound for Penitentiary

Frank J. Raven and J. W. Brown, convicted A.-O.F.C. officials, were placed on board the s.s. *President McKinley* Feb. 18 for transportation to McNeill's Island penitentiary. They are travelling tourist class and are in the custody of the captain of the ship. A U.S. Marshal will meet the vessel at Seattle.

No Washington Birthday Ball This Year

To-day (Feb. 22) is Washington's Birthday. The ball usually given annually by the American Community on this date will not be held this year, among other reasons because of the fact that the local British Community, which is usually liberal in its patronage of this event, is in mourning for the late King George.

THE GIST OF JAPANESE PRESS OPINION

Leith-Ross, who is reported as coming to this country for a second visit, is believed to have realized the Chinese Government's need of economic cooperation with this Empire. If he has come to admit Japan's position as a stabilizing influence it is well for both Britain and China.—*Tokyo Nichi Nichi.*

The mere change of the Japanese ambassador to China cannot be expected to work out any significant improvement in the Sino-Japanese situation. The Japan-China problems are too serious to depend for solution upon the competency of any individuals. The Gaimusho itself must be more active.—*Tokyo Yomiuri.*

It is satisfactory that the Japanese authorities, military and diplomatic, are now reconsidering Japan's China policy with the Military Attache Maj.-General Isogai's report as basis of deliberation. First of all Japan must unify her diplomacy and face the Chinese with greater magnanimity.—*Tokyo Miyako.*

It is a fact that the Takahashi Finance has brought about the present economic expansion of this Empire and that it has been welcomed by bankers and industrialists. But his policy appears to have now come to an end because the rightists as well as the military are beginning to raise an outcry against it.—*Tokyo Yomiuri.*

The speech of Senator Key Pittman is to be deeply deplored. Once such an idea as his is accepted by the American President, the result is sure to be introduction of a serious chasm in the cordial relations between America and Japan.—*Nichi Nichi.*

The Metropolitan police authorities seem too much inclined to interfere with the waitresses of bars and cafes. The maintenance of sexual discipline is important, but pressure on such women for that purpose would be a poor policy. A wiser means is to give better protection to poor young women.—*Tokyo Hochi.*

Three of Seven Missionary Fellowships and Scholarships Come to China

Three of the seven Missionary Fellowships and Scholarships assigned for 1936-37 by Union Theological Seminary, New York, came to China. The appointees from China this year were: Rev. W. B. Djang, Professor of New Testament, Cheeloo School of Theology, China; Mrs. Wai King Taai Chik, B.D., Dean of Women, Lingnan University, Canton, China; Chun Wang, Director of religious activities and Professor of Religion in the University of Nanking, China.

The others went to Japan (1), Egypt (1), Philippines (1), and Africa (1).

Communists Allegedly Stir Up Students

Fresh charges were made by Prof. Yang Lieh-kwei of the Peiping Normal University, Feb. 18 concerning Communist activities among students. He claimed that immediately after the student-police clash in Peiping last December, "a certain party" approached him with a sum of $20,000 for distribution among the wounded students; he declined to handle the offered money, but later he understood that another sum of $50,000 from the same source reached Peiping for the same purpose.

An Important Point To Watch In A Child's Early Training.

Children should be brought up from their earliest years to realise the importance of regularity of the daily habit, and nothing should be allowed to interfere with this function.

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New Books of Interest in the Far East

Some Questions for Christians to Solve

Ethical Issues Confronting World Christians, by Daniel Johnson Fleming. The International Missionary Council, 156 Fifth Avenue, New York City. Price $2.00 (U.S.)

Here is a courageous study of vital ethical questions in the world at large. These are unquestionably days of change and transition for men and women of good will who are shaping policies and methods for a better world. One cannot read this book without having his horizons widened, his vision clarified, and his perspective deepened. It should prove especially stimulating to the Christian workers in foreign countries, whose concern so often is not with evangelization of the world alone, but with international law, justice in the economic order, differences in standards of living, population and racial problems and other questions on a world scale.

Nothing cuts the nerve of Christian influences abroad more completely than any hint of insincerity, hypocrisy or secret disloyalty to professed ideals. Peoples of various lands and of different races are so nationalistic today that if the Christian worker in their midst fails to sense the social implications of his religious teachings, he counts for little. A consideration of the complexity and scope of these questions will help to indicate the calibre and training desired for those who go abroad into Christian service. One fine thing about the whole study is that the author has been more interested in presenting the issues and giving illustrations and opinions pro and con (thus challenging each reader to do his own thinking), than he has been in deciding any question himself. It is a most stimulating study of vital present-day problems.

In a brief review one can only raise some of the questions without giving the thought and opinions on either side. For example: Should a Christian society (a church or a mission or a Y.M.C.A.) accept gifts from a donor whose business methods cannot be endorsed by the body? Should such a society invest funds in enterprises which do not dispense social justice? Is money "tainted" at times or always impersonal? When a wealthy man gave a gift of $100,000 for higher educational work abroad, some members of the society protested that the money had been gained by methods and under conditions such as this society had openly indicted. Others said, "Though money gained by fraud or force dribble into our treasuries or pour into it by floods, of itself it can bring no contamination. It is by voluntary relation to the donors that moral responsibility is incurred." Which were right? After much is said for both sides, the reader is left to make his own decision.

So with the question of accepting or rejecting indemnities, and the question of armed protection by a government for its representatives abroad. At one time the Persian authorities decided to take the property of a girls' school for a roadway without compensation. Protest was made, and finally the help of the United States government was enlisted to prevent the spoliation. Resentment was felt by the Persian people. Would acquiescence have been more Christian? In a retarded country how is respect for the property and rights of others to be taught if it is not insisted upon at such times? Would accepting indemnity for martyred lives lead native peoples to think that the value of those lives could be measured in dollars and cents? If indemnities are accepted for the loss of property which can be estimated and not for lives, will the people not think that the foreigner regards property more highly than life?

The question of armed protection is just as complicated. The American government (like other civilized states) seeks to protect the lives and property of its citizens abroad. On more than one occasion it has landed troops in order to do so. Now many people, notably missionaries, are beginning to feel that gunboat protection is contrary to the spirit of their Christian message and mitigates their influence. Not only do pacifists refuse to take up arms in their own defense, but they do not desire that others should do so for them. But if the missionary refuses government protection, does he not endanger others who may thereby be set upon by the undiscriminating native peoples? If the missionary obeys his consul and leaves his station, will his action not be regarded as cowardly, and may it not also leave the Christian Chinese (or other national) in greater danger than if he remained with him?

Then there are racial and ethical questions, problems of population pressure and birth control, negro delegates to missionary conferences and the problem of how to keep hotels and dining-rooms from discrimination even when the delegates are ready to treat them on a plane of racial equality. Should a delegate who reads that the negro delegates must stay at a different hotel, refuse to attend the conference and voice his protest, or should he attend and quietly forswear certain comforts and reside with the segregated colored members?

The conflicts for religious liberty, the question of such limitations as that of neutrality on the part of guests in various countries, the question of national governments dictating policies or restricting religious teaching in private educational institutions—all these and many other questions are presented and thoroughly dealt with. They are classified as economic, racial and cultural, personal and religious, and are in all cases well implemented with illustrations.

The book would form the basis for a most stimulating study on the part of any class or group interested world ethical questions. It is highly recommended. G.T.F.

TOY RAILWAY THRIVES IN SHANSI

(Continued from page 421)

Passenger and freight rates on the railway are ridiculously cheap, accounting for the tremendous volume of business. From Taiyuan to Tungkuan on the Yellow River, a distance of 420 miles, the one-way passenger fare is $8.60, roughly 2 cents a mile. The trip is made in 28 hours. The freight rate for hauling grain in the vicinity of Taiyuan is 1.6 cent a ton mile, compared with 7 cents a ton mile on carts and 16 cents by auto truck. Movement of grain from Shansi to the coast increased phenomenally. At Taiku, where the new railway meets the Shansi-Hopei line, 3,300,000 bushels of grain were transshipped during 1935.

Passenger accomodations on the new line are no encouragement to tourists, or even to residents of China. The coaches are simply renovated box cars, with little windows cut in the side and three lengthwise benches added. Into these crude coaches thirty or forty people are crowded, and not infrequently a grain car is added to care for the overflow. This winter the cars are slightly heated by small coal stoves, but the car doors are almost always open, eskimo style. Farmers along the line sell roast meat and native bread, which is the only food available.

To compare the relative value of the toy railway and the inter-provincial highways constructed by the national government is impossible, because no figures are available on the true cost of the Shansi lines. From the farmer's view point the new railways are an unquestionable blessing. Motor transport on Shansi's provincial highways was prohibitive in cost, and carts were not allowed on the roads. This same condition prevails on every national highway constructed during the recent military campaigns; they are useless to the farmers, in fact useless to everyone except generals with private cars and a few travellers who utilize bus transportation. The true value of the narrow-gauge railway will be determined by the durability of the Shansi railways; they are worth watching.

Tungkuan, Shensi, February 3, 1936.

"OPIUM IS CHINA'S GREATEST PROBLEM"—GENERAL CHIANG

(Continued from page 425)

surpassed under the auspices of the Directorate-General of Opium Suppression.

Foreign Concessions

In opium suppression, another problem should be considered, that is the problem of the foreign Concessions and Settlements in Tientsin, Shanghai, Hankow, General Chiang stated.

Opium traffic in the foreign-controlled areas, according to General Chiang, is beyond the control of the Chinese Government. The only way to deal with this problem, General Chiang opined, is to arouse international sympathy to this phase so that the individual foreign opium traders in this country would gradually relinquish their business upon moral pressure.

In the capacity of president of the Executive Yuan and Director-General of Opium Suppression, General Chiang assured the members attending the conference that the National Government will do everything within its power to bring about a complete suppression of this evil so that the movement may be brought to a successful conclusion according to the scheduled programme.

In conclusion, the Generalissimo appealed to the entire nation to lend every possible assistance to the Central Government in this work so as to pave the way for large-scale internal reconstruction and a place of high prestige in the family of nations.

The goal set by General Chiang is the elimination of narcotic drugs from China within two years and the elimination of opium within a period of four years.

Far East Said to Be Chief Source of Drug Supplies

That the illicit drug trade is ever more relying on the Far East as its chief source of supply not only in manufactured opium but also in morphine, heroine and even cocaine, was stressed in Washington's report communicated on Jan. 30 to the League Secretariate on opium traffic in 1934.

Seized Drugs Must Revert to Chinese Government

Narcotic drugs, sent by parcel post, upon seizure by the customs must hereafter be forwarded directly to the Inspectorate-General of Opium-Suppression (*Chin-Yen Tu-Cha Chu*) for disposal, a recent order of the Ministry of Finance, stated. This was in reply to a petition from the Internal Revenue Administration, requesting that postal parcels containing narcotics upon seizure, be forwarded directly to the court concerned for disposal.

BORDER DISPUTES INCREASE SOVIET-JAPANESE TENSION; OHTA & LITVINOFF DISCUSS SITUATION

(*Continued from page 408*)

Gaimusho Gives Reasons for Opposing Soviet Border Plan Commission

Declaring that only El Salvador and Esthonia would be regarded by Manchukuo as countries eligible to send impartial members to the joint border dispute commission proposed by Moscow, a spokesman of the Gaimusho in Tokyo, Feb. 17 gave three reasons for Japan's opposition to the Soviet proposal:

1.—The Chinchangkow incident of January 30, on Manchukuo's eastern frontier, can be settled only the parties directly involved. The participation of neutral members would merely complicate the matter.

2.—C. C. Yureneff, Soviet Ambassador to Tokyo, on October 16 of last year, proposed the formation of a joint Japan-Soviet-Manchukuo commission for the settlement of incidents which occured north of Pogranitchnaya, on the new Empire's eastern border, on Oct. 6 and 12.

3.—An impartial third party must be a power which has recognized Manchukuo; therefore, El Salvador and Esthonia are the only countries which Hsinking would regard as eligible to be represented on the commission.

Four Out of 91 Border Fights Are Settled

Four out of 91 disputes on the Soviet-Manchukuo and the Manchukuo-Outer Mongolian borders, that have occurred since February 1932, have been settled, the Manchukuo Government announced in Hsinking Feb. 14, a special dispath to the *Yomiuri Shimbun* stated. Of these frontier incidents, 47 were on the Soviet-Manchukuo line and the remaining 44 on the border between Manchukuo and Outer Mongolia.

Kellogg Company Increases Advertising Appropriation

W. K. Kellogg, President, of the Kellogg Company, Battle Creek, Mich., whose products are regularly advertised in *The Review*, recently expressed the opinion that the year 1936 gives promise of continuing the improvement in business conditions that was witnessed in 1935. The Kellogg Co. gave evidence of its faith in 1936 by increasing its advertising appropriation materially over the 1935 budget. Mr. Kellogg among other things stated: "As in the past we shall continue to employ many advertising media in the promotion of our products, but newspaper advertising will remain the most important part of the program. The cooperation of newspapers and the flexibility of this type of advertising have enabled us to concentrate our efforts where they are most needed with a minimum of delay and have proved to us over and over again the outstanding value of newspaper advertising."

Dollar Line Feels Pressure from Japanese Shipping

The Tokyo *Asahi* Feb. 8 stated that the American Dollar Line has decided to reduce the speed of ships on the northern trans-Pacific route between Yokohama and Seattle (four ships at two-week intervals), thereby prolonging the 10-day voyage to 11 days. The immediate motive for this reduction in cruising speed was given as it having "become incumbent on the company to economize fuel by reducing its ships' speed to economical rates as the result of raw silk freight, its chief cargo, being gradually absorbed by Japanese ships."

"Lefts" Are Victorious in Spanish Elections—Murder and Bloodshed

The Spanish Cabinet resigned Feb. 19. Senor Barrios, head of Republican Union, announced that Senor Azana, a former Premier, would form a moderate left Republican Cabinet. Nine persons were killed and 66 wounded in fighting which persisted since the general elections on Feb. 15 when radical groups were generally victorious in the balloting all over the nation. The victors are clamoring for immediate power instead of waiting for the convening of a new Parliament on March 16.

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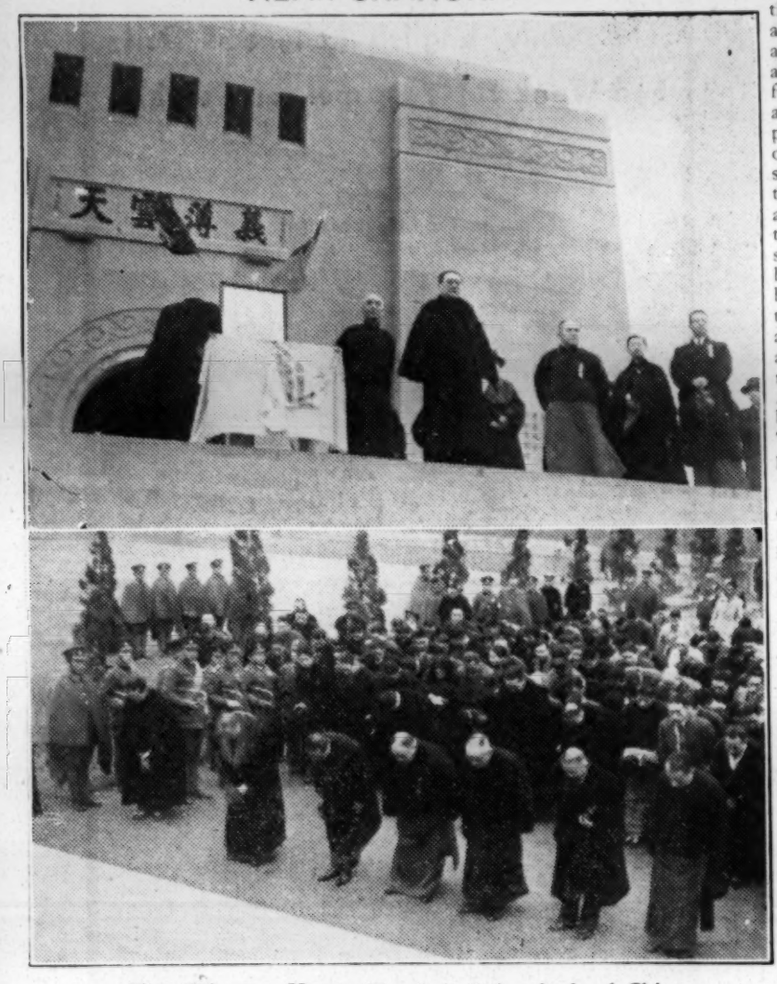
TOMB FOR WAR HEROES IS UNVEILED NEAR SHANGHAI



The Unknown Heroes Tomb, built by the local Chinese community in honor of men who were killed at Miaohang-cheng, near Shanghai, during the Japanese ouslaught four years ago, was formally unveiled Feb. 16 at a ceremony headed by Gen. Wu Te-chen, Mayor of Greater Shanghai, O. K. Yui, his chief secretary, Wang Shao-lai, of the Chinese Ratepayers Association, Yu Ya-ching, Chinese shipping magnate, and Gen. Chang Chi-chung, commander of the 5th Army which took part in the Shanghai hostilities. The unveiling ceremony originally was set to take place on January 28 this year, the anniversary of the commencement of the Shanghai hostilities, but was delayed. The area of the tomb is over 50 mow and is in the shape of a Chinese sword, with the main building at the north end. The tomb was completed at a cost of about $100,000.—*International News Photo, courtesy China Press.*

CHINESE PUBLIC JOINS SENATOR PITTMAN IN HIS "JAPANOPHOBIA" & "ANTI-JAPANESE DELUSIONS"

(*Continued from page 413*)

ness of the situation. If they really desire world peace, they should exert greater endeavor!"

A Resume of the Opinions of Chinese Intelligentsia

Since the forcible invasion and occupation of Mukden on the fatal night of September 18, 1931, American policy and action in the Far East have been a great disappointment to the Chinese. Aside from the presenting of one or two notes to Tokyo at the outbreak of the invasion, and issuing of a Non-Recognition Doctrine under the former administration, the Americans took no substantial action. Under the Roosevelt administration, American officials have been almost completely silent over Japanese agression in China. No note of any kind has ever been issued even when the situation in North China became very critical. When Japan issued a note on April 17, 1935, concerning China, the Americans took no other action than to suggest to London that a joint note be presented to Tokyo, but nothing further followed. "To devote ourselves to the N.R.A." is one reason given, while "to get out" is the other. So the failure on the part of the Americans to take firmer action to restrain the aggressor, to take the initiative in calling another Washington Conference to discuss the Far Eastern situation, to uphold the sanctity of the Nine-Power Treaty, to take more timely action to show sympathy with China, (such as the voluntary abrogation of the out-of-date Sino-American commercial treaty, abolition of extrality in China, etc.), has not only disappointed the 450,000,000 Chinese, but is also largely responsible for the aggravation of the situation in the Far East and Japanese aggression in China. In other words, shortsightedness in policy, procrastination in taking action, evasion of its responsibilities and obligations, legal as well as moral, and selfishness in motives, are some of the many "blunders" committeed by the Americans in the past. Furthermore, the Americans have taken many friendly actions towards China far behind the other powers. For instance the American legation in China was the fifth to be raised to the status of an embassy! Too late, is the Chinese opinion! Such blunders encourage the Japanese to be more aggressive than ever before in their attempt to conquer China, because they believe that the international situation is very "favorable" for their aggression. But this is all a great disappointment to the Chinese and a great obstacle to the cultivation of better Sino-American relations. So we often hear such Chinese expressions as: "The Americans are no better than the others;" "America is not the best friend of China, as she is not a friend in time of need;" "the Americans can not be exonerated from blame in the present Sino-Japanese crisis," etc.

Will Senator Pittman's speech open a new era in the cultivation of better Sino-American relations? Will it mark a re-orientation of American foreign policy in the Far East—from a mistaken to a rightful one? Will it bring about a new but sudden development in the situation in the Far East marking the end of Japanese aggression in China? These questions might give a great deal of food for thought to American officials. So far as the Chinese are concerned, they all hope that these questions will be answered decidedly in the affirmative.

Unfortunarely, throughout his speech, Senator Pittman made a bitter attack only on Japanese militarism, but did not lay down any specific way to restrain the aggtessor. The senator attacked the aggressor only because the latter had violated the Open Door Doctrine of the Nine-Power Treaty, but did not emphasize the fact that the latter had violated something more important; that is, the administrative and territorial integrity of China! While the omission of the first makes his verbal attack on Japan vain, the omission of the second indicates that American opposition to Japanese aggression in China is based on selfish motives. That is, the Americans care only for American trade with China but do not care for the administrative and territorial integrity of China. So many Chinese ask: Assuming that the aggressor is willing to promise the Americans to observe the Open Door in China, will opposition of Japanese militarism stop there, irrespective of the fact that Chinese territory has been invaded, Chinese sovereign rights violated, and China reduced virtually to a "colony" of the aggressor? In other words, is American opposition against Japanese militarism motivated by struggling for markets in China, or is it animated by her desire to cause the signatories to the Nine-Power Treaty to live up to their obligations to respect the administrative and territorial integrity of China? Does the present American-Japanese tension mean only a conflict between the American Open Door Doctrine in China and the Japanese Asiatic Monroe doctrine, and between the equal division of markets in China, and Japanese monopoly or hegemony in China? Or does it mean something more than that? Is it a conflict between the American desire (1) to stand for justice, (2) to assist China to preserve her administrative and territorial integrity, and (3) to uphold the sanctity of the treaty of which America is the author, when the time comes, one one hand; and the Japanese desire to conquer China, on the other?

Though American officials have not made these points clear to us, we hope very sincerely that Senator Pittman's denunciation of Japanese militarism is based on a genuine desire to help China to preserve her administrative and territorial integrity and to uphold the sanctity of the Nine-Power Treaty, and not based on the motive of preserving American trade. It is because the former (Chinese administrative and territorial integrity), when compared with the latter (American trade), is of far greater importance. Further, when the former is preserved, the latter will be also preserved. To take action for the former cause is a dignified action, while for the latter cause, only a selfish move. China wants the friendly powers to take firmer action in opposing the aggressor, but does not welcome another struggle for markets in China. So we hope the Americans will come to China's assistance not only in the interest of American trade but to preserve her administrative and territorial integrity. We conclude that Japanese militarists might bring strong military pressure to bear upon Nanking officials to prevent them from expressing any opinion on Pittman's denunciation of them but they can not do so with 450,000,000 people. The 450,000,000 Chinese, like all others in the world, join Mr. Pittman in his denunciation of militarized Japan—the world's great menace. The Chinese slogan is: "The only country worthy of new Chinese commitments is the United States!"

Nanking, Feb. 16, 1936

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February 19, 1936

Stock Exchange— Business Done:-

Total Volume: 3,530,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale Feb.. 17	Last Sale Feb. 18
13¼	4¼	0.10	Adams Express	12⅞	13
149⅝	110	4.00	American Can	120¼	120½
37⅞	20¼	0.40	Amer. Cyanamid "B"	37⅞	39½
9¼	2	—	American & For. Power	7¾	7¾
42	14	—	American & Foreign Pwr. $7 pfd.	39¼	39
27¼	10⅛	—	American Radiator	24¼	24⅝
177¼	98⅞	9.00	American Tel. & Tel.	174	174½
107	74⅝	5.00	American Tobacco "B"	99⅜	99⅝
23⅜	17⅛	—	American Waterworks	21⅜	21⅞
35⅛	8	—	Anaconda Copper	35⅛	35⅞
76½	35⅝	2.00	Atchison, T. & S. Fe	75	75¼
48	15	—	Auburn	46	48½
21⅝	7¼	—	Baltimore & Ohio	21	21⅜
57¼	21⅝	—	Bethlehem Steel	56½	59¼
26¼	6⅜	—	Boeing Airplane Co.,	24⅝	25
13⅞	8⅝	—	Canadian Pacific Railway	13⅞	14⅞
113	45⅜	—	Case, J. I.	113	115
47⅞	20¼	1.40	Chase National Bank	38⅞	39
74	36	3.00	Chesapeake Corp.	72½	73⅜
59½	37⅛	2.80	Chesapeake & Ohio	59¼	60⅝
96⅞	31	3.00	Chrysler	94¼	95⅛
16¼	8⅝	0.20	Columbia Gas & Electric	16⅜	16½
23⅞	16½	0.60	Coml. Solvents	22	22⅝
4⅝	0⅝	—	Commonwealth & Southern (ord.)	3⅝	3⅞
38⅞	15⅞	1.00	Consolidated Gas of N. Y.	35	34⅝
15	6¼	0.25	Consolidated Oil	13⅝	13½
38½	15¼	87½	Continental Oil	36⅝	35½
78⅝	60	3.00	Corn Products	70⅝	73⅝
73⅝	17¼	0.75	Douglas Aircraft	72¼	72½
148⅞	86⅝	3.60	Du Pont de Nemours	146¾	149
20½	2¼	—	Electric Bond & Share	18	17½
41½	20½	0.80	General Electric	40¾	41¼
37½	30	1.80	General Foods	33½	33½
60⅝	26⅝	2.00	General Motors	58½	59¾
50	15⅝	1.00	General Railway Signal	47	47
22	14⅝	1.20	Gold Dust	19½	19⅜
29⅜	15⅝	—	Goodyear Tire & Rubber	29¼	28⅝
73⅛	44	1.00	Humble Oil	69¾	69¾
51	22¼	1.00	International Nickel	51	53
18½	5⅝	—	International Tel. & Tel.	18¼	18½
37½	13¾	0.80	Kennecott	37½	38
55¼	31¼	2.00	Loew's Inc.	51⅝	52⅛
26¼	18½	1.20	Lorillard	23⅞	23⅞
96½	55	1.00	Monsanto Chemical	95	95⅜
40⅞	21⅜	—	Montgomery Ward	38	39
41⅞	18½	1.00	National City Bank	36	35⅞
23¾	12⅞	1.20	National Dairy Prods.	22⅜	22⅝
34½	23¼	2.00	National Distillers	29⅛	29⅛
14⅝	4⅞	0.60	National Power & Lt.	11½	10⅝
37⅞	12¼	0.10	New York Central	27⅞	39
29⅝	9	1.00	North American	28⅝	27½
36½	13¼	1.50	Pacific Gas & Electric	35	33¾
56¾	19	2.40	Pacific Lighting	54⅞	55
11¼	3½	—	Packard Motors	11¼	12
36⅝	17¼	1.00	Pennsylvania Railroad	36⅝	37
45⅜	18⅜	1.00	Phillips Petroleum	43½	43½
48¼	20⅜	2.40	Public Serv. of N.J.	46½	45¾
14¼	4	—	Radio Corporation	12½	12⅜
58⅝	43¼	3.00	Reynolds Tobacco "B"	57⅜	57¾
56¼	22	—	Schenley	46⅝	46⅞
69⅞	31	2.00	Sears Roebuck	63	63
17	10⅝	0.30	Socony-Vacuum	15⅞	15⅝
28¼	10⅝	1.50	Southern California Edison	27¼	26¾
35⅞	12⅝	—	Southern Pacific	35⅞	37¼
19¼	12¼	0.80	Standard Brands	15⅝	15⅝
9¼	1¼	—	Standard Gas & Electric	7¾	7¼
60¼	35⅝	1.00	Standard Oil Co. of N. J.	58¾	59
68	58⅝	3.80	Sterling Products	65½	66¼
38⅜	28⅝	2.00	Texas Gulf Sulphur	37¾	37¾
14	4⅞	0.30	Transamerica	13	13⅛
82½	44	2.00	Union Carbide & Carbon	82½	84¼
128⅝	82¼	6.00	Union Pacific	127¾	127
31⅛	9⅜	—	United Aircraft (New)	29⅝	31⅝
17¼	4¼	—	United Airline Trans.	16⅜	16½
8½	1¼	—	United Corporation	7⅝	7⅛
19¼	9¼	1.00	United Gas Improvement	18	17½
50⅝	35¼	2.00	U.S. Indus. Alcohol	39½	40¼
21¼	9⅛	—	U. S. Rubber	20	20¾
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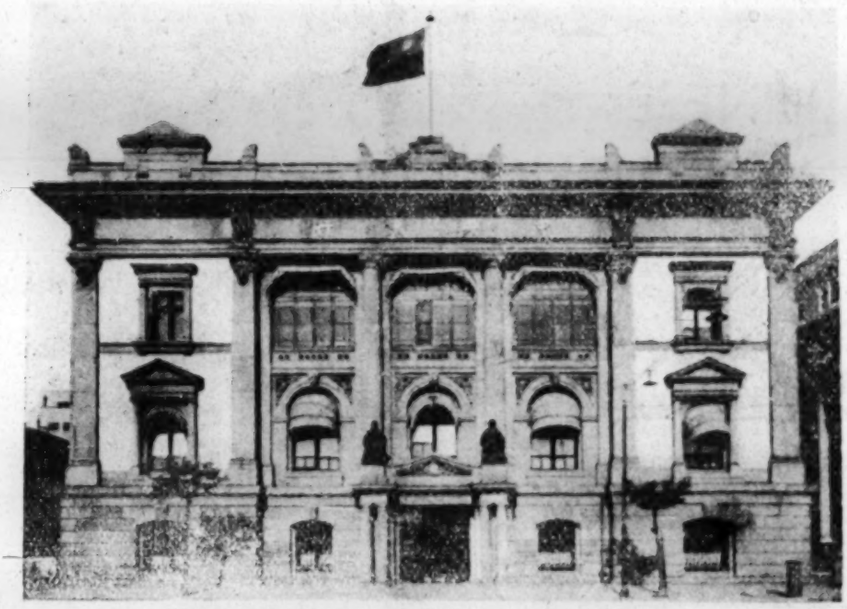
CENTRAL BANK OF CHINA

A BANK OF BANKS

Paid-up Capital - - - - - - - - - $100,000,000.00



The Shanghai Office of the Central Bank of China

FUNCTIONS:—

To Underwrite Domestic and Foreign Loans

To Keep Custody of Legal Reserves of Other Banks

To Act as Clearing House for Banks

To Rediscount National Government Bonds, Domestic Banks' Acceptances, Commercial Papers, etc.

To Exercise Currency Control throughout the Country.

BRANCHES—All Important Centers of the Country.

CORRESPONDENTS—All Principal Ports of Foreign Lands.

H. H. Kung,
Governor.

Chang Kia-ngau,
Deputy Governor.

Jian H. Chen,
Deputy Governor.

15 THE BUND, SHANGHAI.

TELEPHONE: 12570

CABLES: GOVERNBANK

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